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Part I: Co-operation and Association

GERMANY.

MISCELLANEOUS NEWS.

I. — STATE AID TO AGRICULTURAL CO-OPERATION IN THE GRAND DUCHY OF HESSE. — To help the agricultural co-operative societies struggling against difficulties originating in the circumstances already dealt with by Dr. Grahn in the December number of the *Bulletin of Economic and Social Intelligence*, the Government of the Grand Duchy of Hesse has placed at their disposal a rather considerable amount of money. A Government Bill, by which the State grants the Central Bank of the Agricultural Co-operative Societies of the Grand Duchy of Hesse (*Zentralkasse der hessischen landwirtschaftlichen Genossenschaften*), recently founded at Darmstadt, a loan of a million marks at 3 ½ %, redeemable in 20 years, has passed through both Chambers of the Diet. Besides this, the State is opening credit to the above bank, of 2,000,000 marks at a rate of 1 % below the rate of discount of the Imperial Bank, the minimum being fixed at 4 %.

This loan is intended in the first instance for the assistance of co-operative societies in financial difficulties in consequence of the failure of the former agricultural Central Bank (*Landwirtschaftliche Genossenschaftsbank*), but it still retains enough vitality to be able to prosper, if sufficiently supported. The loan must also serve to facilitate payment by the poorer members of the additional calls on their shares, necessitated by losses due to the failure of the Central Bank. The balance of the loan in this and future years will be used to increase the working capital of the new Central Bank. Thus, all societies affiliated to the Central Bank will be benefited in some degree by the reduction of the rate of interest.

As to the special conditions to which the grant of this State assistance is subject, and above all with regard to the security for the loan, an

agreement has been come to between the Government and the Central Bank and approved by the Diet. The principal article in this agreement is that the Central Bank must be subject to State supervision until the loan has been completely repaid.

The powers of the State Commissioner appointed by Government to exercise this supervision are defined in the articles of the agreement. The Central Bank will have complete freedom of action and will be entirely responsible for the management. The State may intervene directly in the management of the Bank only when the investment of the loan is concerned. In all other instances, the State Commissioner may attend the meetings of the executive bodies of the Central Bank, and speak without voting and perform acts of general supervision, in accordance with the law on mortgage banks, as far as they are affected.

The State assistance is not only and above all intended for the assistance of the Central Bank, but indirectly for that of all the co-operative societies affiliated to it. Thus the State Commissioner has the right personally to inform himself with regard to the working of the societies benefiting by the advantages derived from the State loan. For this purpose, he will rely principally on the reports of the inspections carried out by the Federation of Agricultural Co-operative Societies of the Grand Duchy of Hesse. He will also be authorized, in case of need, to obtain the information he requires by means of enquiries held on the spot. He will have authority to require that the faults he discovers be corrected and, if they are not, he may submit a complaint to the competent authorities; in certain cases, he may even demand the cancellation of the loan granted.

* *

2. REFORM OF THE RULES OF THE CENTRAL FEDERATION OF GERMAN AGRICULTURAL CO-OPERATIVE SOCIETIES. — The nineteenth Congress of Agricultural Co-operation, held at Wiesbaden on July 17th. and 18th. 1913, decided on the introduction of important changes in the organization of the National Federation of German Agricultural Co-operative Societies. These changes, which came into force on September 20th., when the new rules were entered in the register of the co-operative societies, at Darmstadt, were necessary on personal grounds and because the circumstances required them.

The Federation, which just last year completed the thirtieth year of its existence, had made extraordinary progress during the period. Although the 12 Raiffeisen federations, with, in round numbers, 5,350 societies, withdrew from it, in consequence of the cancellation of the agreement entered into in 1905 between the National Federation of German Agricultural Co-operative Societies and the General Federation of German Rural Co-operative Societies (Raiffeisen), on June 30th., 1913 the National Federation

included 29 regional and provincial federations with 15,930 members. Almost 60 % of the whole number of German Agricultural Societies, 27,192 on June 1st., 1913, according to the Statistics of the National Federation, are therefore affiliated to the above federation. Except for the Raiffeisen Federations, there is only a small number of national and provincial federations that do not belong to this union.

In spite of the extraordinary progress made by the Federation, its organization has remained always almost the same during these thirty years. Certainly, some changes and important innovations have been introduced to it, such as the formation of a Board of Management and Special Committees, in 1900, but the most important provisions of the original rules, concerning representation, management and working, have, so to say, remained the same. All these matters were in the hands of the business manager, who, since 1913, bears the name of General Director (*Generalanwalt*) and it may be said that the whole National Federation was concentrated in him. This system certainly presented great advantages, above all as long as the principal task of the National Federation was the formation of the German agricultural co-operative organization, and as long as it had at its head a man of extraordinary organizing talent, such as the late General Director Haas.

But now that the National Federation includes some 16,000 societies and their federations are firmly constituted, we may say that the organization period is passed. It is now necessary to consolidate the existing institutions, effectively apply the co-operative principles universally recognised, and cause the rural population to be penetrated by the real spirit of co-operation. This is a task both important and necessary to accomplish, as is shown, by the recent events that have occurred in the Grand Duchy of Hesse, where negligence in the application of fundamental principles has led to a serious crisis in agricultural co-operation (1). To prevent the repetition of such errors, as Dr. Havenstein, Manager of the Federation of the Agricultural Co-operative Societies of Rhenish Prussia, said so well at the General Congress, the most lively sentiment of responsibility and duty must reign everywhere, as a check to any temptation to lose sight of the real object of the co-operative society and involve it in dangerous speculation. The sentiment of responsibility and duty is obscured and declines where everything is concentrated in the hands of one person whom all follow blindly. Very serious loss may result from this, for a single individual is more easily a victim of error than a group. The changes that have now been introduced into the rules are the result of tendencies that have existed for years within the National Federation.

The desire was in this way to change the personal system up to the present existing into a real system of self government. Although it is but a little while, since the death of the former general director, this is only the

(1) Cf. the preceding article, and that by Dr. Grabein in the *Bulletin of Economic and Social Intelligence*, December, 1913.

realisation of initiatives already discussed by the Board of Management and in the General Committee, and even formulated as really definite proposals in the latter months of the life of Wilhelm Haas and with his approval.

The General Congress unanimously approved the proposals of the Board of Management and the General Committee, without the introduction of any amendments. The most important of these proposals are the following:

By the new rules, the executive authorities of the National Federation are: the General Congress, the General Committee, the Board of Management, the Director and the Special Committees.

The Director (*Amwalt*) shall be an employee paid by the National Federation and be subject to the supervision of the Board of Management. He shall no longer be appointed by the General Congress, but by the General Committee, on the proposal of the Board of Management. In the conduct of the business of the National Federation, he must conform to the rules, the business regulations and the contract in accordance with which he is appointed. Thus, his position is considerably changed. From being an independent head, as was the former General Director, who, as President of the National Federation, of the Board of Management and of the General Committee, concentrated in his own hands all the powers of the Federation, he has now become a dependent employee.

The provisions regarding the composition and powers of the Board of Management (*Verwaltungsrat*) have undergone a similar change. According to the old rules, the board only acted as permanent adviser to the General Director. Now, on the other hand, it will supervise the whole conduct of the business of the National Federation, and in this way also the action of the Director. Besides this, it has been established that the Director may indeed be a member of the Board of Management, and the General Committee, but may not be president of either. The central management of the National Federation is entrusted to the Board of Management, the president of which must also represent the Federation.

The powers of the General Committee (*Gesamtausschuss*) have also been considerably extended. It appoints its own president and two vice-presidents chosen from among the managers of the affiliated provincial federations. The same persons are at the same time presidents of the Board of Management and of the General Congress. In addition, the General Committee appoints three other members of the Boards of Management and their three deputies who, when necessary, are invited to attend the meetings.

The provisions relating to the Special Committees (*Sonderausschüsse*) existing for co-operative credit, co-operative purchase and sale of goods and co-operative dairies have been changed and the powers of these committees considerably enlarged. First of all, every committee has a right to appoint its own president, whilst formerly the president was the General Director or his deputy. Now the Director can only speak at the meetings and not vote. The numbers of the members of the Special Committees has also been increased, for now, not only may the central co-operative societies of the particular class of business be represented, but also every

deration. The duty of the Committees is to discuss matters of common interest in relation to their class of business, and to make proposals to the General Congress in connection therewith. All the decisions of the committees must be approved by the General Committee.

No important changes have been introduced in the provisions relating to the General Congress of members of the National Federation (*Deutscher landwirtschaftlicher Genossenschaftstag*), which generally meets each year.

In addition, it was decided to transfer the head quarters of the National Federation from Darmstadt to Berlin, and this was done on October, 1913.

Conformably with the new rules, the competent authorities have appointed as President of the General Committee and consequently of the Board of Management, Herr Johannsen, Landesökonomierat, of Hanover, formerly Vice-General Director; as first vice-president, Herr von Brockhausen, Stettin, Landrat; as second Vice-president, Baron von Freyberg-Eisenberg, of Zetzendorf. Herr Gennes, Legal General Secretary in office, has been appointed Director (*Anwalt*).

* *

3. — THE ADVISABILITY OF THE CO-OPERATIVE VITICULTURAL SOCIETIES (*VINZERGEHOSSENSCHAFTEN*) SELLING THEIR WINE BY AUCTION. — In an article in the *Rheinisches Genossenschaftsblatt*, summarised by the *Deutsche Genossenschaftspresse* of December 15th., 1913, p. 523, the advantages of the sale of wine by auction both for the farmers and the trade is discussed. It is said there that the viticultural co-operative societies (*Vinzervereine*), considering their sales, have not obtained as good prices as the large viticulturists, as will be seen when comparison is made of the results obtained by the latter by means of sale at auction and the results realised by the societies.

The average prices der Fuder (1,017 litres) were as follows:

Years	Sales by Auction at Treves	Prices Realized by 12 Co-operative Societies of the Moselle and the Saar
	Mks.	Mks.
1900	2,911	470
1901	946	541
1903	940	501
1904	3,418	690
1905	1,866	625
1906	1,959	745
1907	1,189	621
1908	2,096	599
1909	1,626	594
1910	1,549	946
average for 10 years	1,849	633

From these figures we see that in 1900, 1904 and 1908, which were good years, the sales by auction gave good prices, whilst the co-operative viticulturists' societies did not succeed in realising equal amounts. What is above all surprising is the enormous difference between the prices realised, neither to be explained by the better position and cultivation of the vineyards, nor by a better treatment of the wine. In fact, the owners of small and medium sized vineyards, possess land in the best positions and the grapes are selected with as much care by members of co-operative societies as by large proprietors. It is inferred from this, that sale by auction is a good method to employ to increase prices, so that the viticultural co-operative societies should be advised to unite to form societies for the sale of wine by auction.

DENMARK.

RECENT PROGRESS OF THE CO-OPERATIVE DISTRIBUTIVE ASSOCIATIONS (1).

With reference to the detailed account published by us in the number of this Bulletin for September, 1911, on the development and situation of the Danish co-operative distributive societies, we shall give below the essential results of the work of the *Common Union* of these co-operative societies in the year 1912, (the corresponding information for the year 1911 published in our number for September, 1912).

On December 31st., 1911, 1,286 associations (2) or almost all those existing in Denmark, belonged to the *Common Union*. The number of their members was 181,326.

A year later, on December 31st., 1912, 23 other associations had united with these. It will be seen from the following few figures, what advance its movement has made since 1896.

	Number of Associations Affiliated to the Union	Total Business Done in Millions of Crowns
1896.	310	4.2
1903.	852	19.8
1905.	1,029	26.3
1910.	1,259	46.1
1911.	1,286	48.8
1912.	1,309	55.5

Their reserve funds, which on December 31st., 1910 amounted to 5,000 crowns, on December 31st., 1911 amounted to 3,250,000 crowns on December 31st, 1912 to 3,657,000 crs.

The *Common Union* is not exclusively engaged in commerce; the attention it gives to industry is fairly considerable. The following table gives an idea of the importance of the business operations of its various departments:

(1) These notes have been forwarded to us by our Copenhagen Correspondent.

(2) Figures given by the *Common Union*. These figures do not quite correspond with results of the census of 1910 (*Statistisk Aarbog*, 1912. p. 136) owing merely to a different standard being taken.

Commercial Activity.

	Total Operations in Millions of Crowns			
	1912	1911	1910	1909
Colonial Produce Department	38.95	34.05	32.84	29.90
Manufacturing "	3.96	3.57	3.00	2.68
Implements "	3.21	2.92	2.62	2.37
Seed "	2.40	2.13	2.17	1.75
Timber "	0.18	0.13	0.15	0.14
Wine "	0.23	0.21	0.19	0.20
Heavy Goods "	0.27	0.22	0.22	0.21
Cycles "	0.14	0.09	0.15	0.16
Total	49.34	43.32	41.34	37.61

Industrial Activity.

	Total Operations in Millions of Crowns			
	1912	1911	1910	1909
Coffee Roasting	2.49	2.14	1.76	1.51
Chocolate Making	0.53	0.47	0.44	0.36
Sugar Refining	0.27	0.23	0.22	0.19
Tobacco and Cigar Factory	0.70	0.64	0.57	0.51
Rope Making	0.43	0.36	0.34	0.31
Soap Making	0.93	0.90	0.81	0.73
Technical Chemical Factory	0.24	0.22	0.20	0.17
Knitted Goods Factory	0.13	0.13	0.09	0.08
Spice Milling	0.28	0.25	0.23	0.19
Tea Department	0.15	0.14	0.14	0.13
Total	6.15	5.48	4.80	4.31

As we see, there was an increase in the amount of business in every department in 1912, and the profits, which in 1911 were 2,706,000 crs., amounted in 1912 to 2,846,000 crs., or 140,000 crs. more. But, in comparison with the total business done, the profits were less in 1912 than in 1911, owing to the prices being less favourable. And in 1912 the associations belonging to

the Union only received 5 ½ % on the 38,565,000 crs. (amount of purchases giving right to dividends), whereas in 1911 they received 6 %.

Finally, we reproduce the balance sheets of the Union for January 1st, 1911, 1912 and 1913.

Balance Sheet of the Common Union.

Credits.

	Millions of Crowns		
	1913	1912	1911
Stock of Goods	6.23	5.99	5.95
Cash	0.05	0.05	0.06
Fixtures	0.39	0.27	0.38
Land	3.51	3.15	3.13
Various Debtors	8.44	7.60	6.62
Total . . .	18.62	17.06	15.24

Debits.

	Millions of Crowns		
	1913	1912	1911
Co-operative Account	0.77	0.76	0.68
Reserve Funds Account	3.66	3.25	2.78
Dividend Account	0.20	0.16	0.15
Insurance Account	2.91	2.77	2.63
Insurance Account (against Fall in Prices)	0.20	0.20	0.20
Depreciation of Value of Buildings	2.50	2.25	2.00
Insurance Account (Seed)	0.07	0.07	0.07
Insurance Account	0.10	0.10	0.10
Renewals	0.50	—	—
Losses on Land	1.34	1.35	1.37
Various Creditors	3.49	3.36	2.87
Balance from Previous Year	0.03	0.08	0.04
Credit Balance	2.85	2.71	2.35
Total . . .	18.62	17.06	15.24

UNITED STATES.

I. THE CO-OPERATIVE MOVEMENT IN WISCONSIN.

SOURCES:

- REPORT UPON CO-OPERATION AND MARKETING. PART I, AGRICULTURAL CO-OPERATION. Wisconsin State Board of Public Affairs. Madison, Wis. 1912.
CAMPBELL, (R. A.): CO-OPERATION IN WISCONSIN. *American Review of Reviews*. Vol. XLV No. 4, 1913.
POWELL, (G. H.): CO-OPERATION IN AGRICULTURE. New York: The Macmillan Co., 1913.
WILLIAMS, (A. W.): A PLAN FOR A CO-OPERATIVE NEIGHBOURHOOD. Wisconsin State Board of Public Affairs. Madison, Wis. 1912.

§ I. EARLY CO-OPERATIVE SCHEMES.

Before examining the present-day development of co-operation in Wisconsin it will be interesting to glance at the history of two early attempts at co-operation, widely different from each other and from any form of agricultural co-operation which exists to-day in the State.

The Wisconsin Phalanx.

The first of these is a co-operative community known as the Wisconsin Phalanx, founded in 1844 by enthusiastic disciples of Fourier, which existed for a period of six years, and was the most successful of the many Fourierist communities founded in America between 1840 and 1850.

The colony purchased from the Federal government 1,700 acres of good land near where the village of Ripon now stands, and took possession of it in May, 1844.

The first year was one of hardship and privation, but from the beginning the Colony was a financial success, and at its voluntary dissolution in 1850 was paying 8 per cent. to capital, and providing every member with a comfortable living. Each year the property was appraised, and one-fourth of the ascertained profits given to capital, the remaining three-fourths being distributed among the members according to their hours of labour as registered in the books. There was a common dining-room where the majority

their meals, though members who preferred to do so could eat in their apartments. Each member was charged board and lodgings at cost, which never exceeded 75 cents per week. Though the community was a small one comprising only about 180 persons belonging for the most part to the working classes, it was not without its men of ability. Three of its members were State Senators one of whom was a candidate for the Governorship.

More than thirty co-operative communities were founded in the United States within a few years of the founding of the Wisconsin Phalanx. Each in turn came to an untimely end, ascribing its failure to debt, or to land, or sickness, or to litigation over property rights, disputes over membership, or religious dissention. The Wisconsin Phalanx had none of these difficulties to contend with; yet it failed with the rest. Noyes, in *History of American Socialisms*, concludes that the verdict must be that it died by deliberate suicide, for reasons not fully disclosed."

The history of the Phalanx is instructive in view of the fact that we are presently examining a modern scheme for a co-operative neighborhood, and we shall thus be able to see how far, and in what direction, the co-operative idea has travelled since 1850.

The Purchasing Agent System.

The first real attempt at co-operation among Wisconsin farmers was the Grange organization for co-operative purchase through appointed purchasing agents. From about 1870 to 1877 the National Grange devoted most of its energy to the formation of these purchasing agencies, and these years were both a sudden rise to power and an equally sudden decline of the organization as a national organization. In each State the subordinate Granges combined to support an agent who assembled the orders of the local associations and bought wholesale, in carload lots whenever possible, from the manufacturers who offered the best terms. Staple supplies for the farm and home — wood, oil, nails, wire, tea, coffee and sugar — were bought in this way at a substantial saving to members. The number of members in Wisconsin and the value of the orders placed for the six years from 1875 to 1880 were as follows:

Year	Number of Members	Value of Orders
1875	18,653	\$ 38,194
1876	18,427	115,882
1877	17,640	164,445
1878	7,093	86,391
1879	5,526	61,334
1880	4,651	55,560

In 1878, as we see, the amount of business done, compared with the previous year, diminished by one-half; and the number of members is from 17,000 to 7,000. In practically every State the scheme was unfortunate, and in 1877 the National Grange had, in fact, issued the following recommendation relative to state purchasing agencies: "There have been more failures than successes; . . . we advise the discontinuance of any now in existence". The scheme certainly did not give satisfaction in Wisconsin, and the complaints seem to have related chiefly to the unsatisfactory quality of the goods supplied, the delay in executing orders, the smallness of the saving effected, and the requirement of cash payment with the order.

The Agent, in a letter to the State Bureau of Labour, written in 1889, said: "The saving to patrons naturally varies according to the advantages in their own local market. We are able to save them 25 per cent. on many things. . . . Farmers use this agency as a bureau of information more than anything else. . . . Perhaps out of ten inquiries we get one order. The information imparted in the other nine out of ten letters is used to enable the correspondent to buy more intelligently and to better advantage at home."

The real reason for failure seems to have been, that those who had most need to save could not pay cash, and enjoyed credit only with the local traders, while the farmers in a position to pay promptly preferred to buy locally, with the advantage of seeing the goods before buying and the added convenience of immediate delivery.

The Wisconsin agency was still doing business in Milwaukee in 1890 and was still, apparently, furnishing useful information to farmers with little profit to itself.

§ 2. PRESENT DAY CO-OPERATION.

In Wisconsin at the present day agricultural co-operation is relatively highly developed. Practically every form of co-operation, except co-operative credit, is represented, and the exception is one which would have been made for every State in the Union. Propagandist institutions, public and private, work well together, and Wisconsin is one of the few States which have passed special acts dealing with co-operative societies. Many different forms of co-operative enterprise have been initiated independently and have achieved success, each on its merits, and without the guidance of any central institution. But it is now recognized that further progress depends largely on the successful centralization of available forces, on the federation of independent societies and the creation of joint associations for propaganda and instruction. This awakening to the present-day need of the movement is without doubt due, in no small measure, to the influence of Sir Horace Plunkett who has twice addressed the State Legislature and

s held conferences with the Governor, the President of the University and the Dean of the College of Agriculture. The Governor in his message to the Legislature of 1913, strongly urged the introduction of co-operative rural credit and the creation of a central organization to assist and induct legitimate co-operative associations.

(A) *Organizations for Propaganda and Instruction.*

Two voluntary associations — the American Society of Equity and the Right Relationship League — are responsible for the initiation of many of the existing co-operative enterprises. The Right Relationship League which now has its headquarters in Minneapolis confines its efforts to organizing and supervising co-operative distributive stores. In return for its services in organizing local societies the League receives a commission of one dollar per shareholder, and in some cases, for services rendered in connection with the actual business of the store, it receives a small commission on the sales. It undertakes the periodical audit of the books at a moderate fee and, in the interests of the movement publishes a monthly journal entitled *Co-operation*. The League, however, accepts no financial responsibility in connection with any local society: it is an independent association, not a federation or union.

The co-operative store movement has developed almost exclusively in country districts. There are at present some 40 co-operative distributive stores in Wisconsin, all established within recent years, and very few of them are in towns of any size.

Between 1870 and 1880 the Grange established distributive stores at various points in Wisconsin, notably at Brandon, Brodhead and Milwaukee. These were nearly all short-lived, and without doubt the chief reason for their failure was the lack of expert supervision and the absence of a satisfactory central organization. The Right Relationship League furnishes just such an organization, and the movement seems to have entered on a new and more successful phase.

The American Society of Equity confines its activities to instruction and propaganda, more particularly in connection with co-operative methods of marketing farm produce. Directly or indirectly it is responsible for much of the co-operative spirit and activity in Wisconsin, and has been instrumental in promoting the establishment of co-operative elevators, canneries, and associations for purchase and sale. Branches of the Society were founded in Wisconsin in 1903, and the Wisconsin State Union was organized in January, 1906. In 1909 the Union founded a State paper under the title of the *Wisconsin Equity News*. In 1912 the Society had over 1000 members in Wisconsin.

The passage of the Wisconsin Co-operative Act (Chap. 368, Laws of 1911) was secured by the combined efforts of the Society of Equity and the Right Relationship League, and a working agreement between the two organizations was signed in May, 1912.

The work of the State College of Agriculture is a factor of considerable importance in the progress of agricultural co-operation and rural organization in general. The College, through its Extension Division, is studying problems of marketing, and, at the suggestion of the State Board of Public Affairs, has established a professorship of agricultural co-operation and marketing.

The State Dairymen's Association, a semi-public organization partly supported by State funds, takes an active part in promoting co-operation by organizing and managing cow-testing associations. At the present time the Association is testing about five thousand cows for quality and quantity of milk produced, a work of immense importance to the agricultural prosperity of the State, which depends to a very large extent on its production of butter and cheese.

The State Board of Public Affairs is doing valuable work in carrying out investigations in connection with co-operative marketing, rural credit and allied questions. Though only recently established it has already published the results of more than one important enquiry.

(B). *Co-operative Societies and Associations.*

Until 1911 no special legislation affecting co-operative societies existed in Wisconsin, and a very large number of the existing societies, therefore, are either registered as ordinary companies with shares or are unregistered and have no definite legal status. The absence of special legislation does not appear to have proved a serious handicap to the success of any well-directed co-operative enterprise, but the passing of a special Act in 1911 enables the societies to escape from their somewhat doubtful legal position, and will lead to the better organization of the co-operative movement.

The branch of agricultural co-operation most characteristic of Wisconsin and the North Central States generally is the co-operative creamery or cheese factory, and it will be convenient, therefore to refer to this form of co-operative enterprise first.

I. — *Creameries and Cheese Factories.*

In 1909, according to the figures of the State Board of Public Affairs the year's production of milk, butter and cheese in Wisconsin was valued at 79 million dollars, so that the question of co-operation in the dairy industry is of outstanding importance. The official returns for 1911 give the number of co-operative creameries in the State as 947 out of a total for all creameries of 1,000, and the number of co-operative cheese factories as 244 out of 1,784. According to these figures about one-fifth of the existing machinery for centralized production is co-operatively owned.

The existing societies are variously and somewhat loosely organized, and there is no strict definition of what constitutes a co-operative society. Many of them are vaguely described as managed "on co-operative lines", and it is evident that the lines are not very strictly drawn. And their management, purely as business enterprises, must be considered in relation to the fact that they are, or purport to be, co-operative undertakings.

From an enquiry made by the State Board of Public Affairs and covering 169 co-operative creameries it appears that in nearly half of the societies the voting is by shares. Few of the societies make any attempt to increase their working capital by adding to it out of the profits earned, and only a very small proportion of them provide for depreciation.

In the actual working of the creameries, while most of the societies aim at securing a high standard of freshness and purity in the milk supplied, less than half of them use the butter-fat test. Apparently no steps are taken by creamery societies to build up uniform herds of any particular dairy breed. Only 7 per cent. of the societies reported that they had taken combined action with other societies to secure higher prices and lower freight rates. Conditions are almost precisely similar in co-operative cheese factories. There is, among them, the same failure to strengthen their financial position by saving out of the profits of each year, and in the working, there is the same neglect of the butter-fat test.

The co-operative creameries have to meet the keen competition of private companies owning central creameries which are supplied with cream from a large number of skimming stations scattered over a wide territory. The skimming stations may be from five hundred to seven hundred and twenty miles from the factory, which is able, therefore, to draw supplies from three or four States. The cream is usually shipped in refrigerator cars. The farmers deliver the milk and receive payment at the skimming stations and have, as a rule, no further interest in the business. The creamery companies employ highly-skilled hutter makers and experienced business managers, and with an average annual output for the largest creameries of from fifteen to twenty thousand tons of butter, are able to build up a well organized marketing system. They are at a disadvantage compared with the farmers' co-operative creamery as to the quality of the cream with which they have to deal, as this reaches the central factory in a very mixed condition and it is difficult under these circumstances to produce a uniform grade of butter.

With reference to the farmers' co-operative creameries in the North Central States generally, Mr Harold G. Powell says: "The most serious weakness in the co-operative creamery movement is the fact that each creamery usually acts as a unit in the manufacture of butter, in the purchase of supplies, in the development of markets and in the distribution and sale of its products. The co-operative creameries, like the North Western apple-grower's associations, need to create a number of central co-operative agencies, one, for example for each State or other large geographical division, to act for them at cost in purchasing supplies

and in the distribution and sale of their products. In no other way can the situation in either case be met effectively".

2. — *Cow-testing Associations.*

In May, 1912, there were in Wisconsin 11 cow-testing associations with 287 members and 4,465 cows under test. The members contribute one dollar for each cow tested and the State makes an appropriation of \$3,000 a year to the Wisconsin Dairymen's Association which employs a Superintendent to organize the societies and supervise their working. The Superintendent trains men as testers, and, unfortunately, the training of new men to replace those who leave to take up other occupations, occupies much of his time and impedes the work of organizing associations.

A tester visits each herd once a month and tests and weighs the milk produced by each animal. From the days' results he calculates the production of milk and of butter-fat for the month. The Dairymen's Association keeps full year records of each herd under its supervision, and is thus able to assist each owner in eliminating unprofitable cows, and to advise him as to breeding suitable strains from selected animals.

The efforts of the Association have met with results which at first sight appear somewhat discouraging. During the first six years of the Association's work, from 1905 to 1911, 1,452 dairymen joined in the work and 17,548 cows completed a year's record. As there were only 287 members of cow-testing associations in 1912, many dairymen after joining the movement must have deserted it. Many owners, in fact, after the first testing of their herds, found that so many of their cows were unprofitable that it was useless to continue testing until practically the whole herd had been renewed. They discontinued their subscriptions for a time with the intention of beginning testing again with improved herds. Others, finding the records of their animals low, discontinued testing because they were afraid the poor records would prejudice their chances of selling animals out of the herd.

The real reason, however, for the slow development of this form of co-operation probably lies in the fact that the farmers in the State are not yet convinced of the utility of the testing system. It takes a number of years to effect a marked improvement in a herd, but as results will be most clearly demonstrable year by year, it is more than probable that the number of testing associations will increase steadily if not rapidly.

3. — *Co-operative Elevators and Warehouses.*

In 1911 there were 38 farmers' co-operative elevators in Wisconsin. This is relatively a small number as there were then 327 in Iowa, 315 in North Dakota and 266 in Minnesota, but the amount of grain grown in Wisconsin is small compared with the amount grown in those States.

The farmers established co-operative elevators to escape from the un-fair conditions dictated by the monopolistic combines which secured control of most of the existing elevators about the year 1900. These combines — the "line" companies as they are called — are said to have practised every known form of discrimination with the object of crushing competition. They were seconded by the railways which gave the combines rebates on freight and impeded in a variety of ways the business of the independent dealers. Farmers began to build co-operative elevators about 1900 and in spite of fierce opposition from the combines and the railways, nearly 100 co-operative elevators had been established in the United States in 1911.

The farmers' associations owning or leasing these elevators are generally organized as companies under the ordinary company laws of the State, but a member's holding of shares is limited, and in some cases each member has one vote irrespective of the number of shares he may hold. The amount of capital subscribed varies from \$ 2,500 to \$ 20,000 in shares of from \$ 10 to \$ 100 nominal value. The members, who are always grain-growers, are under contract to sell to the association, though they may sell to a dealer who offers a higher price on condition that they pay over a portion of the advanced price to the association; and as long as this condition is loyally filled a competitor who outbids the association with the idea of crushing it is, in fact, contributing to its support. Any surplus on the season's work is distributed among the members, either as dividend on shares or on the basis of their sales to the association. Where competition is keen a co-operative association does not attempt to make profits, but is content to cover operating expenses alone, and can thus pay prices for grain which enable it to hold its own against any outside trader or capitalistic company.

Co-operative warehouses for the storage and sale of potatoes have been established in Wisconsin very much on the lines of the co-operative elevators. Their organization is not promoted by any central association; the community adopts the idea from another which has made a successful venture, and the movement grows steadily. In 1911 there were 15 potato warehouses at more than 20 points in the State, and there were a few co-operative warehouses for the storage and sale of tobacco. Most of these warehouse associations act as general purchasing agencies in the matter of farm supplies for their members.

4. — *Livestock Shippers' Associations.*

Though livestock breeders' associations are numerous in Wisconsin, associations for the co-operative sale of livestock, which might be expected to work effectively in connection with breeders' associations, are as yet few in number. Within the last four years, however, livestock shipping associations have been formed at some fifteen or twenty points in the State. These associations aim at eliminating the local buyers who make large profits on the operation of buying from the farmers, and re-selling in the great

central markets. The farmers have now found that by combining to pay a manager and ship their own stock in carload lots, they can effect large savings. Such an association needs practically no capital: success depends chiefly on correct book-keeping and on the regular despatch of well-graded shipments to market. In the neighbouring state of Minnesota where the form of co-operation is more widely developed, a central association has already been formed to promote the formation of new societies and study the question of better methods for the adoption of the local societies. In Wisconsin, which like Minnesota is one of the important livestock producing states, the movement is capable of immense development.

5. — *Fruit Growers' Associations.*

The oldest fruit growers' association in Wisconsin is the Sparta Fruit Growers' Association, formed in May, 1896. Starting with 75 members, it proved very successful and has now a membership of 285 and a capital of \$6,000.

In 1911 it sold fruit, chiefly strawberries, to the value of \$50,000. So far the method adopted has been to sell through commission men who charge the association 7 per cent. on gross sales.

Other co-operative selling associations in the State are the Door County Fruit Exchange, the Bayfield Peninsula Fruit Association, and the Wisconsin Cranberry Sales Company.

The Cranberry Sales Company, though it has only forty members throughout the State, is very strongly organized, and is a branch of the American Cranberry Exchange, which is responsible for marketing practically the whole of the United States cranberry crop. During the season of 1911 the Wisconsin Cranberry Sales Company sold 90 per cent. of the total crop, amounting to 33,000 barrels of fruit, through the Exchange, at a price which yielded the growers just over \$6 a barrel. The Exchange remits 80 per cent. of the receipts from each sale to the Company, retaining 20 per cent. until the end of the season when the whole amount, less operating expenses and a small contribution to a sinking fund, is handed over to the company. Operating expenses, from season to season, amount only to from one-tenth to one-eighth of the gross receipts—a remarkably good record in the marketing of perishable fruit.

6. — *Mutual Telephone Associations.*

In 1912 there were in the State 309 mutual telephone associations known to the Railroad Rate Commission, but as only those associations which charge a rate to non-members are compelled to furnish reports, the figures are probably incomplete.

These 309 associations were serving 21,049 rural families, giving an average of 68 members to each association. Most of the associations are

registered companies which have grown out of the combination of several groups of farmers each of which groups owned a small telephone system constructed as a rule by the farmers themselves. When the territory of one group began to overlap the territory of the others, a registered company was formed to solve the question of fixing rates to cover the cost of maintenance and repairs. The reports show, however, that there is need for a better system of audit and for a more satisfactory organization providing for the charging of a rent to all subscribers, sufficient to pay working expenses and taxes, and provide for depreciation. At present expenses are usually met by the unsatisfactory device of assessing the members for each new expenditure, as the necessity arises.

§ 3. A SUGGESTED PLAN FOR CO-OPERATIVE COLONIZATION.

Wisconsin has vast tracts of cleared timber land, amounting in area to over 10 million acres, which the Government is desirous of converting into farm land. The problem of attracting settlers, however, is a difficult one in view of the fact that much more attractive land is being offered to prospective settlers, both in other parts of the United States and in Canada.

A scheme has been presented to the State Board of Public Affairs which proposes to solve the problem by the formation of co-operative colonization associations. These associations, it is contemplated, would acquire land at the minimum unimproved price and sell it in suitable farm lots to settlers, devoting the whole of the profits to a common fund for the improvement of the land in question and the promotion of schemes for the economic and social betterment of the communities settled upon it.

An association would be co-operative only with respect to the funds created out of the profits arising from the sale of the land. Each settler would own his holding; rent, mortgage or sell it as he saw fit; and would be under no compulsion to subscribe to the constitution of the association, though by so doing he would have the right to participate in all the benefits of the common fund.

Before any association could be formed, its promoters would be required to prove that the land was suitable for agriculture, that they had acquired it at a fair price and that they possess a clear unquestionable title. They would further be required to convey the title to a trustee, or trustees, nominated by the State Board of Public Affairs, and to guarantee that all the acts relating to the purchase and sale of the land will be made public. The scheme further provides that both the treasurer and the manager of an approved association would be nominated by the State Board of Public Affairs. An association would be empowered to invest its capital in income producing property for the use of the community, and to devote the profits arising out of such investment, to carrying out schemes of general social welfare.

The proposed scheme has certain social features, but no rules are laid down for the conduct of affairs purely social. The two clauses following, which form part of the proposed model constitution, show the spirit in which the whole scheme is conceived: "The policy of publicity will acquaint the members with the personal affairs of one another to a very large extent; it is the purpose of the association to make use of that knowledge to the advantage of all in checking waste and promoting efficiency, and to that end the executive board and standing committees shall study the causes of failure on the part of any member and procure for him expert advice and assistance.

"The fact that this is a co-operative enterprise must never be lost sight of, and it can only flourish by the united efforts of all its members, each freely performing according to his ability, the various duties which devolve upon him."

The scheme is intended in the first place to solve the question of utilizing the cleared timber areas by converting them into farm land. The success of capitalistic colonization enterprises proves that similar development schemes are capable of yielding large profits; and though co-operative ventures have not been as a rule equally successful, the Wisconsin plan, as here outlined, seems to be usually well safeguarded by the provision made for the effective control of associations through the State Board of Public Affairs. There is a guarantee that any project for co-operative colonization before being launched will have been critically examined by persons whose sole interest will be to ensure its permanent success, and that, after being launched, the conduct of its affairs will be jealously supervised by the same persons. This responsibility of each association to a central controlling authority is the characteristic and most significant feature of the whole scheme.

2. MISCELLANEOUS NEWS.

1. — THE CALIFORNIA FRUIT GROWERS' EXCHANGE. — The report of the Secretary for the year ending August 31, 1913, shows that this Exchange has strengthened its position in the California citrus-fruit industry in spite of the fact that the season under review had threatened to prove disastrous to the growers.

In the autumn of 1912 the Exchange made detailed arrangements for marketing the new crop, estimating that it would be called upon to ship 100 carloads or over 13 million boxes of fruit. Destructive winds and a dense spell of cold weather caused widespread damage to the crop, with the result that the Fruit Growers' Exchange actually sold, in round numbers, only 5 million boxes, or about 38 per cent. of the number estimated. Nevertheless the Exchange sold 65.5 per cent. of all the citrus fruit shipped in California during the year, this forming the highest proportion of the total crop which it has ever handled. The proportion has increased steadily from 47 per cent. in 1905.

As a result of the short crop good prices were obtained, the average price per box for all fruit sold by the Exchange being \$ 2.75, which is 5 per cent. higher than the average for the preceding eight years. In spite of the fact that for a time the market was totally disorganized by exaggerated reports of crop destruction, and by the operations of speculative dealers, the losses suffered by the Exchange were insignificant, amounting, on bad debts and all other causes, to only \$ 390. The presence of a large proportion of frosted fruit made the work of grading extremely difficult, and huge losses and complete disorganization were only avoided by rigid supervision exercised by the local associations over all packing operations, and by the excellent selling arrangements of the Exchange itself.

The cost of maintaining the Exchange during the year 1912-1913 amounted to $7\frac{1}{3}$ cents per box for all citrus fruits, an amount equal to 2 per cent. of the gross sales. These figures cover all the expenses of the Central Exchange — the cost of conducting an advertising campaign, and expenses, and contributions to the Citrus Protective League included. Including the cost of maintaining the district exchanges, which in 1912-13 was 1.5 cents per box, the total cost of marketing to the growers was less than 4 per cent. of the gross sales, or 3.13 per cent. of the net receipts at the shipping point.

According to the report of the secretary of the Exchange this is the lowest marketing cost for any agricultural product in the United States. The average cost of marketing citrus fruits rarely falls below 5 per cent.,

and is more often 7 or 8 per cent., while the average cost to the American farmer of marketing his produce is probably not less than 10 and is frequently as high as 25 per cent.

(Summarised from the *California Cultivator*. Los Angeles. September 4, 1917)

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2. — A BILL FOR THE ESTABLISHMENT OF A CO-OPERATIVE LAND BANK IN THE STATE OF NEW YORK. — Senate Bill 1,693, at present under consideration in the New York legislature, proposes "to amend the banking law in relation to savings and loan associations and to empower the establishment of a Land Bank." In Section 1 of the Bill the Bank is defined as "a co-operative institution for savings, whose membership is composed of savings and loan associations, established for the purpose of issuing and redeeming debenture bonds secured by first mortgages pledged by its members."

Section 4 provides for the granting of power to any legally constituted savings and loan association to hold one or more shares in the proposed Land Bank, and for the incorporation of the Bank on the application of at least ten associations whose aggregate resources are not less than five million dollars. Each member-association would be entitled to one vote for every share which it holds of the capital of the Land Bank. Each share is of one thousand dollars; and no association would be permitted to hold shares the aggregate value of which exceeds ten per cent. of its own resources.

The Bank would be administered by a Board of not less than seven directors, but all bye-laws, or amendments of bye-laws, would have to be submitted to the Superintendent of Banks and receive his written approval.

It is proposed that the Land Bank should be authorized to issue and sell debenture bonds and notes, when secured by the bonds and first mortgages of savings and loan associations, and to redeem the same from time to time. The indebtedness of the Bank upon bonds and notes would be limited to twenty times the amount of its paid-up capital. The Bank would have power to invest its capital in bonds secured by first mortgages on real estate, and to own such real estate as might be necessary for its own permanent place of business, and such as came into its possession through the foreclosure of mortgages held by it. The Bank would be compelled to maintain, out of its revenue, a sufficient sinking fund to pay its debenture bonds as they fell due, and to place, in each year, to a reserve fund a sum equal to one-half of one per cent. of its capital, until such fund is equal to 10 per cent. of the capital.

The debentures issued by the Bank, and the Land Bank itself, together with its capital, accumulations and funds, would have the same exemption from taxation as other savings institutions.

(State of New York: Senate Bill 1,693.)

* *

3. — A BILL TO ESTABLISH A NATIONAL SYSTEM OF RURAL BANKS. — August 9, 1913, the Senator for Florida, the Hon. Duncan U. Fletcher, introduced in the Senate of the United States, a Bill providing for the establishment of a complete system of co-operative rural banks. The Bill was read, and referred to the Committee on Banking and Currency. Addressing the Senate on the same date, Mr Fletcher expounded the principles which underlie the Bill, and an outline of his plan is printed separately as Senate Document (No. 158).

In brief, the author of the Bill contends:

(1) that the present banking system, in which the ultimate reserves are practically controlled by a small number of banking institutions in New York, is defective, serving the needs of the whole country badly in times of stress, and serving the needs of agriculture worst of all;

(2) that no commercial system of banking can adequately meet the needs of agriculture;

(3) that a system must be created whereby the capital and accumulated savings of agriculture must be made available and reserved for meeting the credit needs of those engaged in agriculture;

(4) that progress in agriculture depends to-day upon co-operation and organization among farmers, and that all forms of agricultural co-operation must be related to a co-operative system of rural credit;

(5) that, in view of the overwhelming interest of the country as a whole in the prosperity of agriculture, the savings deposits in the post-office, as well as other government funds, might profitably be lodged with rural banks, and used to meet the demand for agricultural credit;

(6) that, as the element of saving is prominent in any system of rural credit, rural banks should enjoy the same exemption from taxation as savings and loan associations.

The Bill proposes to establish three separate classes of institutions: (1) Local Rural Banks; (2) State National Rural Banks; and (3) The National Rural Bank of the United States. The Local Rural Banks would be owned and operated by local farmers and might be founded with a minimum capital of \$ 2,000 in shares of a nominal value of \$ 10, sold at \$ 25; their area of operations would be a small district, and the character of the business they might transact is specified. The net earnings would be used to pay 6 per cent. on the invested capital and, after that, to create an additional capital fund. When the earned surplus was equal to twice the amount originally invested, the stock would be bought in by the banks at the price of issue, and the banks would become mutual banks without capital stock, operating at net cost. In the case of the dissolution of a bank, any existing surplus would be used for building or maintaining good roads in the territory served by the bank.

The State National Rural Banks would be controlled entirely by the Local Rural Banks in each State. They would act as clearing houses and

reserve banks for the Local Banks. All profits would go ultimately to the Local Banks which are the shareholders in their respective State Banks. The National Rural Bank of the United States would be established in Washington, and be owned entirely by the Local and State Rural Banks. It would be controlled by nine Directors, five elected by the Banks and four nominated by the President of the United States.

The distinguishing feature of the whole system is the power which it is proposed, shall be given to each and all of the Banks to use their credits as well as their cash assets, to meet the needs of the farmer. The Bill contemplates the creation of long-term bonds secured by first-mortgages on farms, to a maximum of 60 per cent. of their assessed value. These would be guaranteed in turn by the Local Banks, the State Banks and the National Bank, and would, it is hoped, thus be raised into the status of high-grade investment securities, readily acceptable all over the world.

The Bill proposes to establish, in the Treasury Department, a special Division of Rural Banking to exercise control over the whole system.

(From *A National Rural Banking System*, Washington, 1913, and *Senate Document No. 158* 63rd Congress: 1st Session).

FRANCE.

WORK OF THE MUTUAL, AGRICULTURAL CREDIT BANKS IN 1912.

OFFICIAL SOURCE:

REPORT ON THE WORK OF THE MUTUAL AGRICULTURAL CREDIT BANKS AND THE RESULTS
OBTAINED IN 1912, PRESENTED BY THE MINISTER OF AGRICULTURE TO THE PRESIDENT
OF THE FRENCH REPUBLIC, ON DECEMBER 29TH, 1913.

The last Report of the Minister of Agriculture, dated December 29th., 1913, shows that, at the end of 1912, there were 98 regional banks that received advances from the State.

The amount of the State advances, which on December 31st., 1911, (repayments deducted) 73,477,524.70 frs. was increased in 1912 by 1025,424 frs. and would have been altogether 87,502,948.70 frs., but for repayments, amounting to 1,614,222.73 frs., by which it was reduced to 888,725.97 frs.

The fluctuations in the amounts and the total sums granted in accordance with the various laws on the subject will be seen in the following table:

Laws	Advances Granted			Repayments Made			Balance at the Disposal of the Banks at the End of 1912
	Up to December 31st., 1911	in 1912	Total Amount at End of 1912	Up to December 31st., 1911	in 1912	Total Amount at End of 1912	
# of 1899 . .	62,709,793	6,315,750	69,025,543	2,938,546.00	1,487,175.00	4,425,721.00	74,597,822.00
# of 1906 . .	6,709,320	2,587,874	9,297,194	87,042.30	94,006.51	161,050.81	9,136,143.19
# of 1910 . .	7,066,000	5,121,800	12,187,800	—	33,039.22	33,039.22	12,154,760.78
Total . .	76,485,113	14,025,424	90,506,537	3,025,588.30	1,614,222.73	4,639,811.03	85,888,725.97

The subscribed capital of the Regional Banks on December 31st., 1911 was 23,330,342 fr., of which 21,551,221 frs. had been paid up. The share of the local banks in this paid up capital was 13,910,195 frs.

For their short term operations the regional banks had available :

Paid up Capital	21,551,221 fr.
Reserve Fund, amounting at the End of 1911 to	4,879,937 »
State Advances	62,745,412 »
Amounts in Deposit, averaging	2,417,000 »

Say, altogether . . . 91,593,570 »

as compared with 85,337,337 fr. in 1911.

It is interesting to observe that the amount of the deposits in the regional banks, increased in 1912 to 20,036,097 frs., or nearly 1,690,389 frs. more than was in deposit in 1911. The credit balance fluctuated between 1,616,628 frs. and 3,218,217. fr.

In the following table, the operations of the Regional Banks in the two years 1911 and 1912 are shown compared with each other :

Operations	1911	1912	Difference in 1911
	frs.	frs.	frs.
Bills Discounted and Renewed	162,578,529	182,618,801	+ 20,040,27
Direct Advances to Local Banks for Working Capital	1,445,431	1,434,760	- 10,67
Advances under Form of Discount	81,278,670	84,691,321	+ 3,412,65
Loans Current on January 1st.	49,487,477	59,831,673	+ 10,344,19
Total	132,211,578	145,957,754	+ 13,746,17
Repayments	72,379,905	82,569,743	+ 10,189,83
Loans Current on December 31st.	59,831,673	63,388,011	+ 3,556,33

The collective short term loans to agricultural syndicates, co-operative societies and mutual insurance societies may be estimated at about 14,434,000 fr.

The number of banks discounting at rates below the ordinary rate of the Bank of France has been reduced to two.

The total general expenditure of the regional institutions increased 12,032 fr., as against 462,579 fr. in 1911, therefore by 49,453 frs. This, when considered with the amount of the short term operations (bills counted and renewed), advances to local banks for working capital in 1912, and collective and individual long term loans in the same year, together amounting in round numbers to 190,000,000 frs., is seen to represent an average of 0.26 % of the total outgoings and incomings. This figure is too high, and the Government has had to call the attention of managers of certain regional banks to it, in cases in which the general expenditure was not sufficiently justified.

The reserve funds increased in amount from 4,879,937 fr. in 1911 to 212,976 fr., 1912, that is by 1,333,039 fr.

In the following table the operations of the local banks for 1911 and 1912 are shown compared with each other :

	1911	1912	Difference in 1912
Number of Local Banks	3,946	4,204	+ 258
Number of Members	185,552	215,695	+ 30,143
Subscribed Capital (in francs)	18,158,458	20,507,931	+ 2,349,473
Unpaid Capital (in francs)	11,784,017	13,521,553	+ 1,737,536
Short Term Loans Granted in the Year (including Renewals) frs.	82,540,623	85,492,170	+ 2,951,547
Current on January 1st. »	51,983,588	61,599,883	+ 9,616,295
Total »	134,524,211	147,092,053	+ 12,567,842
Amounts Repaid »	72,924,328	82,269,394	+ 9,345,066
Current on December 31st. »	61,599,883	64,822,659	+ 3,222,776

As we see, there was a fairly appreciable increase in the number of the local banks and their members and in that of the new loans granted in the year.

The amount of the reserve funds of the local banks increased from 6,348 fr. in 1911 to 2,831,966 fr. in 1912, that is by 825,618 fr.

Most of the co-operative societies for transformation and sale of agricultural produce that are formed or introduce changes in their installations to benefit by the provisions of the law of December 28th., 1906. One hundred and two of these societies received advances in 1912, amounting to 2,587,874 frs.

The situation at the end of 1911 and at the end of 1912 may therefore be shown as under :

	At the End of 1911	At the End of 1912
Co-operative Societies that have received Advances . . .	202	290
Capital Paid up (in francs)	4,114,386.15	5,458,731.30
Advances at their Disposal (in francs)	6,642,277.70	9,136,143.14
Number of Members	24,187	36,762
These Societies were distributed as follows, according to their Objects:		
Dairies and Butter Factories	41	50
Fruitières and Cheese Factories	61	101
Wine Societies	32	41
Oil Mills	6	11
Wine and Oil Societies	6	5
Distilleries	19	21
Starch Factories	2	2
Societies for the Utilisation of Material	26	45
Miscellaneous Societies	9	14
Total . . .	202	290

Most of the co-operative societies continued in 1912 to pay the instalments due on the advances received.

The law of March 19th., 1910 on individual long term credit was applied in the case of 79 out of 88 banks which had received special advances. The advances at the disposal of the regional banks increased in amount from 7,066,000 frs. to 12,187,800 frs. Out of this sum, in the course of 1912, 96 new loans for the amount of 3,609,443 frs. were made, giving an average of 3,725 frs. per loan.

Thus, since the passing of the law, 2,049 farmers have obtained long term loans for the total amount of 7,721,995 francs.

In 1912, the banks received a large number of applications for long term loans it was not in their power to grant. It should be remembered with regard to this, that the law of March 19th., 1910 primarily intended to place at the disposal of young, hardworking and honest peasants, desirous of devoting themselves to agriculture, the means for starting small farms, and enabling them to have families and provide for their necessities. Consequently, in conformity with the spirit of the law the regional banks are only able to assist in procuring long term loans when they are certain that their intervention will result in a family being preserved for agriculture or a small farm being formed.

ITALY.

— THE NEW FEDERATION AND THE FEDERAL BANK OF CO-OPERATIVE CREDIT SOCIETIES AT MILAN.

SOURCES :

REGOLAMENTO DELLA FEDERAZIONE FRA ISTITUTI COOPERATIVI DI CREDITO (*Rules of the Federation of Co-operative Credit Institutes*). Milan, 1913.

REGOLAMENTO DELLA BANCA FEDERALE DELLE CO-OPERATIVE DI CREDITO (*Rules of the Federal Bank of the Co-operative Credit Societies*). Milan, 1913.

LUIGI (Luigi): La Federazione e la Banca Federale delle cooperative di credito (*The Federation and the Federal Bank of Co-operative Credit Societies*), in "Credito e Cooperazione", the organ of the People's Banks Association. Rome, no. 22, November 5th., 1913.

The People's Banks of Bologna and Cremona, and after them those of Bergamo, Modena, Mortara, Novara, Padua, Piacenza etc., on a suggestion from Signor Luigi Luzzatti, united in October, 1913 to form a Federation of Co-operative Credit Institutes and a Federal Bank of Co-operative Credit Societies.

The object of the former, according to article 1 of its rules, is: (a) to render the action of the associated Institutes more useful and efficacious, uniting the notable material and moral forces at their disposal, so as to harmonise them and guide them to the realisation of their common interests; (b) to protect the general interests of the federated Institutes, aiding them both in the exercise of their functions as credit establishments and in obtaining the approval of all legislative, fiscal or judicial measures of public interest.

The powers of the Federation will be exercised by the members' meeting and a Permanent Committee.

The *Meeting of the Federated Members*, which assembles in ordinary session once a year, consists of the presidents or managers, the alternate representatives of each federated institution. In order that its resolutions may be valid, the first sitting must be attended by a third of the members.

The federated institutes have as many votes as there were millions of capital and reserve fund on their last balance sheets as approved. They have also supplementary votes for every three million francs of fiduciary deposits, shown on the last balance sheets as approved.

Every member has a right to at least one vote and may not have more than six. Resolutions are carried by a majority of votes of the members present.

It is within the competence of the meeting of the federated members (a) to approve the reports of the Permanent Committee on the work of the federation and the financial statements; (b) to amend the rules of the federation proposed by the above Committee; (c) to decide upon questions submitted to it by the Committee; (d) to dissolve the Federation.

The *Permanent Committee* is formed by the Board of Management of the Federal Bank, of which we shall speak hereafter, and amongst its other duties it must see that the obligations laid down in the rules are observed by the members; censure the action of members contravening the rules, and if need be, decide on their expulsion; provide for the protection of their general interests by the study and solution of all questions relating to their functions and co-ordinating their independent activities so as to facilitate their tasks and render them more profitable; study and formulate rules and methods to which the members must conform in the performance of compulsory mutual services and the execution of their common business; and finally, carry out or get carried out *periodical inspections* in the Federated Institutes, formulate rules for them and enforce the penalties imposed by these.

Only those co-operative credit institutes the Permanent Committee approves may be members of the Federation. They must subscribe fifty shares in the Federal Bank and declare their acceptance of the rules.

Before admission, members must also pay an entrance fee of 1,000 frs.

The members are bound to assist each other mutually and to give each other advice in every matter in which their interests do not conflict. They must reserve for one another all business in connection with the collection of bills, moneys etc., in every place in which the federated societies have a head or branch office; must inform each other, when requested, of the credits opened to their customers and correspondents, their direct operations and rediscountings; must institute amongst themselves a service of circular orders on the Federal Bank, with the obligation to honour them in all head and branch offices etc.

Besides the entrance fee above mentioned, the members must pay the Federation a yearly contribution of two hundred francs for every member they have, and, at the request of the permanent committee, must keep at the Federal Bank, in current account, at interest, a deposit of 20,000 francs at least and 50,000 frs. at most, according to the rules the Committee shall lay down in the matter.

Coming more especially to the *Federal Bank of the Credit Co-operative Societies*, we see that it is constituted under the form of a limited liability co-operative society with unlimited capital, and that it is the central organization for the common action of the above federation, with which as we have seen, it is intimately connected.

Its objects are:

(a) to perform the office of a *Central Bank* for the co-operative institutes, its members, for all their credit, clearing and mutual business;

(b) to promote and encourage, in the interest of the above institutes actively represented, participation in the financial operations of the State and others similar, not of local character, but compatible with their rules;

(c) to encourage the institution of co-operative credit organizations, when the occasion presents itself;

(d) eventually to carry on credit business in all its branches, in localities where none of its members exist, *to the exclusion of all speculation.*

Its own funds will consist of the capital proper, which is unlimited and subscribed by personal indivisible shares of 100 frs.; the ordinary reserve fund, eventually, of other funds. No member may have more than fifty shares. Its executive authorities are: a general meeting of the representatives of the adhering institutes, a board of management, a president, commission of accounts and arbitrators.

The *Board of Management* consists of seven members, elected at the general meeting, from amongst the presidents and managers of the adhering institutes. In addition to its technical functions, it must collect, for the benefit of members, every kind of statistics, information and news relating to commerce, industry and banking; engage in and conclude business in connection with the above collective financial operations, and it is for this purpose it deals with the contracting parties in the name of the federated institutes, which are free to participate therein or not; encourage the development of the above institutes, by facilitating the mutual exchange of information and services; study and solve, in the interest of members, every question relating to credit and savings, by the foundation of permanent organizations for the purpose of consultation, or when it may be, making use of those already existing.

The *arbitrators*, three in number, elected at the general meeting, decide disputes that may arise amongst members, or between members and the society, and there is no appeal against their decision.

The *president* is the legal representative of the society; he has also the chief supervision of it and the direction of the bureaux. He is chosen by the Board of Management from among its members. He holds office for three years and may be re-elected.

The working year closes on March 31st. of each year, and the balance sheet "drawn up with the most careful commercial attention", will be presented at the meeting to be held in June. The profits will be distributed as follows: 50 % to the shareholders, 25 % to the ordinary reserve fund, 10 % to the board, to be used for the realisation of the objects of the society or to be placed to the reserve fund, and 10 % to the employees.

Such is briefly the organization of the new Federation and of the Central Bank of the People's Banks, which, provided with considerable means and carrying a large programme, is certainly destined to give a still more vigorous impulse to the affiliated People's Banks, rendering possible by their union, their participation in the most important financial operations, fruitful in results for the national economy, which it would be scarcely possible to realise without union.

II. — MISCELLANEOUS NEWS.

I. — LEGISLATIVE PROVISIONS IN BEHALF OF CONSORTIUMS FOR THE DEFENCE OF VITICULTURE. — These Consortiums, founded amongst the owners of vineyards, in provinces ravaged by phylloxera, in conformity with articles 2, 3 and 4 of the final text of the laws of June 6th., 1901 no. 355, and of July 7th., 1907, no. 490 approved by Royal Decree of May 17th., 1908, no. 343, were founded, as we know (1), for the following ends: (a) to watch against the spread of phylloxera and supervise the work of defence against the scourge; (b) to examine the vineyards carefully for the possible existence of infection; (c) to found nurseries of vines capable of resisting it and reconstitute the vineyards with these plants; (d) to diffuse information with regard to phylloxera and the use of vines able to resist it.

In order to realise these objects, the owners or occupiers of vineyards included in the district of the Consortium must pay a yearly contribution, of not more than one franc per hectare.

A law of June 26th., 1913, no. 786, authorizes the grant of loans to these consortiums, to be repaid in instalments in 25 years, the object being to place them in a position to start a plantation of American vines for the reconstitution of vineyards attacked or destroyed by phylloxera.

The funds required for the purpose will be advanced by the Deposit and Consignment Bank at a rate of not more than 4 %, and cannot be more than 3,000,000 frs. a year nor altogether more than 16,000,000 frs.

In conformity with this law, several consortiums of the same province or region may unite in a federation, which could then contract several loans together in the interest of the consortiums requesting them.

Article 7 lays down the principle that no compensation is due to proprietors for vines the destruction of which has been decided on, but admits that the Department may grant special subsidies when the destruction is carried out on land belonging to small viticulturists, or cultivated directly by small metayers or tenant farmers.

(Summarised from the *Gazzetta Ufficiale del Regno d'Italia*, Rome, no. 14 July 19th., 1913).

* * *

2. — LEGISLATIVE PROVISIONS IN REGARD TO THE CONSTITUTION OF CONSORTIUMS OF PROPRIETORS FOR DEFENCE AGAINST PLANT DISEASES. — The law of June 26th., 1913, no. 888, authorizing measures for prevention and fighting plant diseases, provides for the foundation of special

(1) Cfr. *Bulletin of Economic and Social Intelligence*, February, 1913, pp. 13 and 14.

communal, intercommunal and provincial consortiums among the owners of farms on which plants are diseased.

The formation of these consortiums must be initiated by the executive committee of the commune or the province, according as the consortiums are communal, intercommunal or provincial, if request is made by enough proprietors to represent at least one half of the cultivated area to which the protective action is to extend. Such formation may even be made compulsory by the prefect, with the advice of the executive committee, or the executive committees of the communes, or again by that of the province when the want of a consortium constitutes a danger for the agricultural interests and for the territory."

These consortiums will have power to collect an annual contribution, of not more than 5 frs. per ha., from the proprietors concerned within their districts. In making out the list of contributions and collections of members' contributions, application shall be made of the provisions of the laws in force relating to the collection of direct taxes, including those concerned with fiscal privileges.

(Summarised from the *Gazzetta del Re: no d'Italia*, Rome, no. 195, August 21st., 1913).

* * *

3. — THE NUMBER OF THE AGRICULTURAL CO-OPERATIVE AND MUTUAL SOCIETIES IN ITALY. — The *General Confederation of Italian Agricultural and Mutual Societies* recently published a list of these societies. We see from it that there are in Italy 5,249 Agricultural Co-operative and 1,055 Agricultural Mutual Societies, distributed as follows:

Agricultural Co-operative Societies.

Agricultural Consortiums and Purchase Societies . .	1,162
Rural Co-operative Banks	2,094
Wine Making and Viticultural Co-operative Societies . .	218
Co-operative Dairies	1,097
Consortiums for Stallions	27
Collective Farms	187
Co-operative Superphosphate Factories	14
Miscellaneous Co-operative Societies	450
Total	5,249

Agricultural Mutual Societies.

Mutual Fire Insurance Societies	250
Mutual Livestock " "	799
Mutual Accident " "	4
Miscellaneous Mutual Societies	2
	1,055

In the report in explanation of this list, we see first of all the difficulty presented by the classification of co-operative societies according to their objects. In fact, agricultural co-operative societies often have various objects and it is not easy to settle which is their predominant business, whether credit, purchase, production etc. It is thus not possible to establish a definite and absolute distinction. Thus, to day, few agricultural co-operative societies do not engage in collective purchase of the articles and machinery necessary for their members, whilst most of them endeavour to encourage their members by the grant of loans in money or in kind.

In the classification given above, we have, therefore, considered the principal work of the societies and in accordance with this the grouping has been made.

The largest group of the co-operative societies for purchase is that of the agricultural consortiums, almost all affiliated to the Italian Federation of Agricultural Societies with head quarters at Piacenza. Amongst the societies for purchase are also included the *circoli* and the *nuclei agrari* (clubs and agricultural nuclei), and other associations with the most various titles occupied almost exclusively with the provision of farm requisites to their members.

According to the estimate of the above Confederation, the total amount of goods and machinery bought by the various Italian agricultural co-operative societies in 1913 would be nearly 150,000,000 frs.

It was easy to group the credit co-operative societies, for their title leaves no doubt as to their principal business. They include rural banks, agricultural banks, small credit and other similar societies, that are intended to provide their members with loans for agricultural objects.

According to the statistical report with which we are dealing, the 2,000 rural co-operative banks would have to-day a total capital (share capital and reserve fund) of about 3,000,000 frs., and the total amount of deposits received by them would be nearly 100,000,000 frs. The total amount of the loans passed in 1913 would be about 250,000,000 frs.

The large majority of these societies are societies of collective title while the co-operative purchase societies are almost all constituted as limited liability societies.

Amongst the co-operative societies for production, without doubt dairies take the first place, but there are also thriving wine societies (more than 150 in all), distilleries (more than 30) and many antiphyloxera consortiums for growing American vines.

Besides the collective farms and the co-operative superphosphate factories, which are among the most interesting and most original manifestations of Italian agricultural co-operation, we must specially note the co-operative livestock improvement societies, which have provided an original form of society in the consortiums for stallions, all in Lombardy, about all in the province of Cremona, the centre of the movement.

In the group of the miscellaneous co-operative societies, finally, are included the co-operative oil mills met with especially in Piedmont, in Lombardy and in Friuli, the co-operative oil cake factory of Piacenza, the tobacco farm

rs' co-operative societies, the co-operative nursery gardens, the cocoon
rying co-operative societies, the co-operative granary of Bagnolo Mella;
he co-operative societies for the sale of table grapes, vegetables, fruit,
ool, eggs, honey etc.

On the other hand, it is easy to classify the Agricultural Mutual So-
cieties, for the distinctive characters are clearly defined.

As we have seen, there were 1,055 of these societies in all, 250 being
re insurance societies 799 livestock insurance societies, 4 accident insurance
cieties and 2 others societies insuring against malicious damage to vineyards,
ut of small importance.

We have little information with regard to the mutual fire insurance
cieties. The largest is the "Fossanese" at Fossano (Cuneo), assuring an
mount of 11,000,000 frs., with a thousand members.

According to the estimate of the National Federation of Mutual Fire
nsurance Societies, the above 250 societies assure a capital of about
00,000,000 frs.

The mutual livestock insurance societies are more numerous, but also
smaller: they would all together assure a capital of about 70,000,000 frs.

The most important of the 4 mutual agricultural accident insurance
cieties of Vercelli, Milan, Florence and Bologna, is that of Vercelli. It
as founded in 1902, on the initiative of the farmers' association of the re-
ion. It engages to give compensation in case of death and permanent
isablement, total or partial, to all labourers, fixed or temporary, and also
tervenes in certain cases of temporary disablement.

* *

4. — THE CONSTITUTION OF A CENTRAL BANK FOR THE DISTRICT
BRESCIA. — Recently a Central Bank has been formed for the Rural
nks of the district of Brescia, under the form of a limited liability co-oper-
ve society for the "exercise of credit and the moral and economic im-
vement of its associates."

According to its rules, it may have as members, first of all the legally
stituted Catholic rural banks of the Province of Brescia, and also, with
approval of the general meeting, other co-operative societies and private
ividuals who may be of use to the society in attaining its objects.

Societies affiliated to it must submit, at any moment and above all
ore entering into business relations with the Bank, to a full and detailed
mination of their situation and to the measures the Board of Manage-
at may judge advisable. Credit societies must forward to it a state-
nt of their accounts every month and their balance sheets every year.

Those societies and persons shall not be admitted or shall be expelled
ready admitted: (a) who do not conform to the above rules; (b) who be-
e insolvent or are condemned; (c) who oblige the Bank to sue them be-
e the Courts; (d) who carry on business similar to that of the society;
who are opposed to the Catholic Church and the established Government.

The capital of the society will consist of shares, of 100 frs. each, a reserve fund and special funds.

The Bank will conduct every kind of banking and agricultural credit business, in conformity with the laws of the State, and particularly:

(a) it will receive deposits in money at interest, for which it will give bonds redeemable at fixed date, bank books for current account and savings bank books; it will also receive in deposit money or documents of title on the security of the share capital and reserve fund;

(b) it will grant its members loans on deposit of shares, and will advance money on bills and instruments of credit;

(c) it will open credit and debit current accounts, on the security of mortgages or other documents of title;

(d) it will grant loans on good security, extinguishable by means of fixed quarterly or half yearly instalments;

(e) it will discount for members, bills, cheques etc.

Finally the Central Bank will abstain from all hazardous operations and all speculation. It will also be able to encourage and assist commercial and agricultural undertakings of a form inspiring serious confidence in their development and giving the society a really valid guarantee.

The society will be managed by a Council of seven members, chosen from among the representatives of the rural banks.

(Summarised from *Cooperazione Popolare*, Parma, nos. 21-22, December 15th., 1931)

Part. II: Insurance and Thrift

BELGIUM.

AGRICULTURAL ACCIDENT INSURANCE IN BELGIUM,

by M. E. VLIBERGH, *Professor at the University of Louvain.*

Let us first of all say a few words with regard to the law farmers must conform to in the case of accidents occurring in the course of work; and the second place examine into the manner in which the law has been applied and, as it is more than eight years since it came into force and it is proposed to introduce many amendments into it, briefly mention the principal modifications experience shows to be desirable in the case of agriculture, in so far as they may be of interest to people in other countries.

§ I. THE LAW.

Up to the passing of the law of December 24th., 1903 on accidents in the country, the farmer, like every one else, was subject to the provisions of the Civil Code, in the matter of such accidents. When the victim of an accident succeeded in proving the culpability of the master or an officer employed by him for the conduct of the work, or that the injury was caused by an animal made use of by the master and so serving at the time, the master was to pay him full compensation as fixed by the courts. The law of December 24th., 1903 completely altered the basis on which compensation had up to then been paid. Masters, subject to the law, had to contract to give compensation on the basis laid down in the law whenever an accident occurred during work on property belonging to them, whether due to their fault or not.

The bill was specially drafted to meet the case of industry. It was not at all thought more advisable, in imitation of the laws of various

neighbouring countries, to make the new principle only applicable to the case of industry, while later on the experience acquired might be utilised for a law applicable to agriculture.

The discussion of the bill in Parliament resulted in the law being made applicable to agriculture at least in the case of farms of a certain size.

It is applicable to three kinds of farms: first, those, of whatever size they are where use is made, not merely temporarily, of machinery moved by other than human or animal force. In this first class are to be included forestry businesses, which are specially contemplated in the law.

Next come farms on which at least three labourers are habitually employed.

In the third place, Article 3 of the law provides that managers of businesses not subject to the law may become so voluntarily on making express declaration before the registrar of the local court. This applies for example, in the case of small farmers, market gardeners or floriculturists, of whatever size their holdings may be, who do not use machines worked otherwise than by men or animals.

The law contemplated three kinds of accidents: there may be such a result in temporary disablement; a man may, for example, break an arm and consequently be prevented for a couple of months from attending to his duties; and there may be permanent disablement, either partial when, for example, an eye or a finger is lost, or total, when, for example, both hands are lost; finally, the law provides for the case of accidents resulting in death.

In each of these cases a medical certificate must be given or medical attendance and medicines provided for six months. It is, in fact, calculated that the generality of accidents cannot require medical attention for a longer period.

When the accident has caused temporary total disablement for more than a week, the sufferer has a claim to the half of his average wages, beginning from the day after the accident.

In case of partial disablement, consequent on total disablement, the sufferer has a claim to half the difference between the wages he could earn previously to the accident and what he is able to earn before his complete restoration to health. If the total or partial disablement is permanent, the above compensation must be paid to him for his whole lifetime.

In case of an accident causing death, an amount of 75 frs. must be paid for funeral expenses, but in a certain number of cases, on which we need not dwell, a pension of 30 % of the annual wages of the victim, estimated in relation to his age at the moment of his decease, must also be paid.

§ 2. PRACTICAL ORGANIZATION OF INSURANCE.

For the farmers, therefore, there are two kinds of legal liability: some are subject, while others are not, to the law of December 24th, 1903; but there is another point: the law only contemplates accidents to labourers.

the discharge of their duties: now agriculture is less than any other business confined within the limits of the undertaking. How many accidents giving claim to compensation are there not that happen to others in farm labourers? In addition, many persons, not farm labourers will want compensation in case of disablement through accidents in their work. Consider only the children or the members of the farmers' families working on the farm. There are, also, the farmer and his wife, even all on the smaller farms, who generally desire compensation in case of disablement through accidents in their work.

For purposes of agricultural insurance, account had to be taken of these various cases. The law allows insurance in two kinds of fixed premium companies, Belgian and foreign, which for payment of certain fixed premiums insure labourers who meet with accidents of the legal compensation. They insure farmers not subject to the law, undertake liability insurance for them and insure the members of their families.

The law provides for the organization of mutual insurance societies and ordinary accident insurance societies. And, in fact, a certain number of such societies have been founded for insurance in conformity with the law. But, as we have seen, they only consider a part of the farmers, and, in any case, only accidents to labourers employed by them. It was, therefore, necessary, as these ordinary societies can only transact insurance business in conformity with the law, to organize, in connection with them, other insurance societies, for the various cases mentioned above.

The law has not made accident insurance compulsory, but has guaranteed the sufferers by accidents definite compensation. When a farmer not subject to the law of December 24th., 1903 is not insured by a company approved by the Government and submitting to Government inspection, he must pay, unless especially dispensed, a certain amount into a guarantee fund, which is really an insurance against the insolvency of the master. Even though he pays this premium, the master on whose property an accident occurs is bound to give the legal compensation. But in case of the master's insolvency, the sufferer may apply to the guarantee fund.

In fact, the very great majority of the farmers subject to the law of December 24th., 1903, are insured in a company authorized by Government. There are two mutual insurance societies undertaking these agricultural risks, but by far the most important is the *Caisse Commune d'assurance cultivateurs Belges* (Belgian Farmers' Ordinary Insurance Society), organized by the various voluntary farmers' leagues in the country, with its headquarters at the office of the Belgian Boerenbond.

As we have said, it was quite insufficient, in the case of agriculture, to insure against accidents contemplated in the law, and, for this reason, side by side with the *Caisse Commune*, the same leagues at the same time founded a second mutual insurance society, called *L'Assurance Agricole* (Agricultural Insurance Society). This Society, then, insures farmers not subject to the 1903 law against accidents to themselves or to members of their families or against accidents to third parties for which they may be liable; at the same time it fully insures those to whom the provisions of the

1903 law do not apply. On September 30th., 1913 the policies issued by the *Caisse Commune d'Assurance des Cultivateurs Belges* were 9,383 and represented 158,548 hectares and also total earnings amounting to 8,016,043 frs.; and the *Assurance Agricole* had issued 20,288 policies, representing 259,963 ha., and earnings to the amount of 6,538,530 frs., as those engaged in agriculture and small rural industries can insure in these mutual societies for a certain percentage of their earnings.

We think that in the interest of mutual insurance this dual system at present existing ought to disappear and the ordinary societies should be authorized to undertake all accident insurance risks, with the right to act as commercial societies, authorized to undertake insurance risks in conformity with the 1903 law, that is to say, to keep separate books for the purpose.

The present dual system complicates the work, increases the expenditure, and is an obstacle to the development and permanence of the organization; up to the present the ordinary agricultural societies have done a good business in Belgium, but if one day they experience losses and are obliged to call for additional premiums, it might very well happen that the insurance societies working side by side with them, with the same members and the same management would realise large profits.

A commercial society undertaking every kind of accident insurance, may compensate for losses in one branch by gains in another.

Further, from the point of view of the supervision exercised over the societies approved by the Department of Industry and Labour, this solution would be very advantageous. It would, in fact, preclude the possibility of fraud; supervision evidently cannot be exercised over the insurance societies in connection with, but outside of, the ordinary society. Now since the two kinds of society have the same board of management and often the same office, it is sufficiently easy to conceal the irregularities committed by the ordinary society; if there were only one society, supervision would be far easier.

As regards the organization of the mutual agricultural accident insurance societies, we must here explain in a few words the system of shares in the reserve fund held by policy holders which might be introduced into a large number of societies. By the rules of the *Caisse Commune d'Assurance des Cultivateurs Belges* and the *Assurance Agricole*, the surplus profits of the year are placed to the reserve fund. This is generally done in the mutual societies, but the amount placed to the reserve fund must always be distributed among the policy holders in proportion to the premiums paid by each of them and entered to the credit of their personal accounts.

If it is necessary to draw on the reserve fund to make up for the insufficient amount derived from premiums, the amounts must be paid by the policy holders in proportion to their premiums and entered to their debit.

Every policy holder has therefore an account for his share in the reserve fund. When a member leaves the society on giving up farming, at the end of the next working year his account is closed. If it is closed with a debit balance, this must be paid, but members, when the society

cases working, and heirs of deceased members, receive $\frac{1}{3}$ of the credit balance of their share in the reserve fund.

Policy holders leaving the societies for other reasons than those we have mentioned have no claim to the credit balance of their reserve fund account: it belongs to the society.

Let us make this clearer by an example. Let us suppose that one of these societies annually receives 500,000 frs. in premiums. A policyholder, A., has paid a premium of 50 fr. His reserve fund account is kept by the society and credits and debits to it are entered in the books. Let us suppose that the accounts for the first year are closed with a balance of 100,000 fr. This is 20% of the total premiums collected; therefore A's reserve fund account will be credited with 10 francs. If another year the profits are 200,000 fr., 20 fr. will be placed to A's credit. If one year there is a loss of 100,000 frs., it is taken from the reserve fund and 10 fr is entered to the debit of A. and so on.

If A. leaves the society under the conditions contemplated, for example, because he has given up his farm, he must be paid $\frac{1}{3}$ of the credit balance of his reserve fund account. A's heirs will receive the same amount in his death.

In connection with reserve fund shares, there is another provision in the rules of one of these societies to which we must draw attention. It is provided that when the reserve fund reaches the limit fixed by the board of management, the whole of the profits for the year shall be paid. According to the reports of this society, the Board of Management has decided that these refunds shall commence to be made when the credit balance amounts to twice the premium. In the case of our policy holder A., who has annually to pay a premium of 50 fr., when the credit balance of his reserve fund account is 100 fr. nothing more will be entered to his credit but the amount which should be assigned to him each year out of the profits will be deducted from the annual premium he has to pay. If, therefore, there was a gain of 200,000 francs on the total premiums of 500,000 fr., instead of 10 fr. being added to A's credit it would be deducted from the 50 fr. premium he has to pay.

§ 3. THE RESULTS OF EXPERIENCE.

Since the law has been in force for eight years (it came into operation on July 1st., 1905), we are able to arrive at some valid conclusions. We shall above all consider the results obtained by the *Caisse Commune d'Assurances des Cultivateurs Belges* and the *Assurance Agricole*, since these two mutual insurance societies undertake most of the agricultural risks in Belgium, and regularly furnish detailed statistics in their reports.

During the debate in Parliament, it was repeatedly said that the application of the law to agriculture was less necessary as agriculture did not present very serious dangers. The experience of Belgium is quite contrary

to this assertion: there are many accidents in agriculture and not only such as have no serious consequences. In this respect Belgian statistics are in complete agreement with those of other countries.

It is to be observed that in connection with mortal accidents in agriculture, very often there is nothing to be paid beyond the 75 fr. for funeral expenses; as we have said, the law makes provision for a pension equal to 30% of the yearly wages of the victim to be paid to certain persons within certain limits of relationship, but it often happens that the servants are old and unmarried and have not the family contemplated in the law, or young people still unmarried who cannot be considered as supporting their parents. Now the law requires that they should be supporting them.

In all European countries where there are laws similar to this Belgian one, it has been observed that, during the first years of their operation, the number of accidents reported constantly increases, within certain limits.

It has even been inferred that the number of accidents increases just on account of the compensation granted to the victims. The labourers, it was alleged, were less prudent, and there were even those who courted accidents or simulated them.

One fact is certain with regard to the agricultural accidents in Belgium; there is an increase in the number of those known. But what is the reason? At present, the accidents are known, while previously many were not and we cannot even yet say that all are; we know only those reported. Now, how often does it not happen that the victim thinks that he has had a slight accident which will not absolutely prevent his continuing his regular business? It is only some days or weeks later that the disablement becomes evident, and then, very often, the master or the insurance company will no longer accept the report of the victim, as he is unable to show that the disablement he suffers from is really due to the accident. But it is only once that the victim will suffer from this severity, afterwards he will naturally be careful to report every insignificant accident, as well as more serious ones and his companions in labour will also be induced by the example they have before them to report every accident immediately. So more accidents are known than formerly, but the figures scarcely allow us to say as yet that the number of accidents has really increased in consequence of the compensation assured to the victims. Yet, in Belgium, as elsewhere, complaint is made of simulation of accidents.

It was imagined that accidents did not occur on small farms; experience contradicts this idea. And this is easy to understand, when we consider the causes of accidents. It was said that the principal accidents were due to agricultural machinery; these are evidently a cause of very serious accidents, but they are not the chief cause of accidents, as is seen in the little table we reproduce from the Reports of the *Caisse Commune d'Assurance des Cultivateurs Belges*:

	1905-06	1907	1908	1909	1910	1911	1912
alls	22.5	26.2	25.4	27.0	26.4	24.48	21.60
lornes	10.3	11.6	10.5	12.0	11.3	10.09	9.17
edged Tools	8.5	6.7	8.4	7.9	6.3	9.40	10.13
urting	8.5	9.2	5.3	4.6	5.7	5.06	6.05
orned Cattle	5.9	6.7	4.9	5.1	5.1	4.20	4.18
all of Objects, Implements, etc. .	4.8	7.3	6.8	5.6	7.5	8.21	8.03
gricultural Machinery Used on the Farm	4.2	3.8	4.3	3.4	4.4	2.28	2.17
rushtings	4.0	5.0	3.1	3.6	3.5	5.97	5.91
trains	3.7	5.7	5.4	5.7	4.7	9.55	11.70
ogs	0.7	0.6	0.5	0.4	0.5	0.65	0.33
gricultural Machinery Used in the Fields	0.7	0.6	0.8	0.3	0.2	0.47	0.73
Miscellaneous	26.2	16.6	24.6	24.4	24.4	19.64	20.00

It is certain that very many accidents might be avoided if the farmers were obliged when using machinery for the upkeep of the farm buildings to conform to certain government regulations.

There is another explanation of the fact that the accidents are certainly no less numerous on small than on large farms: if we compare the regions of large farming with those, much more numerous in Belgium, of small farms, we find a staff of workmen on the latter in proportion far more numerous. On small farms there is generally one labourer per hectare, whilst on large farms, especially in those of the Congo region, there is scarcely one labourer per ten hectares.

Other conclusions may be drawn from what follows in regard to the modifications experience has shown to be necessary.

Although the law was drafted for purposes of industry, it must be recognised that it is very well adapted to agricultural situations.

This does not, however, mean that from the agricultural point of view the law is quite perfect; far from that. For the information of foreigners we may classify under four heads the principal amendments desirable from the point of view of agriculture:

- 1st., The farmers subject to the contract provisions of the law;
- 2nd., The persons to whose case the law ought to apply;
- 3rd., The settlement of the wages on which compensation is based;
- 4th., The compensation to be granted.

As we have said, only farms of a certain size are now subject to the law. We think it would be better to apply it on all farms without distinction. The following are our principal reasons:

Experience proves that most accidents in agriculture are not due as was believed to machinery, but to falls and edged tools. Now these falls which are the causes of most of the accidents, occur at least as frequently on small farms as on large; we may even say that the large farms by their better arrangements, especially the vaulting of the cattle stalls and stables, reduce this cause of accident.

Complaint is made nowadays in all the regions of our country of the constantly increasing difficulty of finding farm labourers. We have not to examine here into the proper means for putting a stop to the rural exodus, but will not the most important of these be to arrange that the agricultural labourer is as little as possible, economically speaking, in a position of inferiority to the manufacturing hand?

On the other hand, account must be taken of the impression made on an agricultural labourer by the passing from a farm subject to the law to another not subject to it. In the first case, when an accident befalls him, he is sure of receiving the compensation fixed by law of December 24th., 1903. It is true that this compensation is calculated at $\frac{1}{2}$ the amount of the loss he suffers, but in every case he obtains it and the new law has instituted a procedure far more easy than that of common law; on the other farm, in case of an accident, he must first prove it due to culpability of the master or a representative of the master, in the discharge of his duties, or to an animal employed in the work. If he can not succeed in doing this, he is refused all compensation.

But the reason we consider of greatest importance is the very considerable number of cases in which it cannot be said with certainty whether the farm is or is not subject to the law of December 24th., 1903. Farms which employ a machine moved by force other than human or animal are greatly in the minority. Again it is only exceptionally that a declaration of voluntary subjection to the law is made to the registrar of a local court. The very large majority of the farmers to whom the law applies habitually employ at least three labourers. It is true that the meanings of these words, "habitually" and "labourer," have been defined by ministerial decision, but none the less the words are a source of many difficulties. It often happens that two labourers are regularly employed on a farm and several others also for special work. Are these to be considered habitual labourers? This is a question of fact that can only be settled by the magistrate after hearing the witnesses produced by both parties, by the labourer victim of the accident who claims that the 1903 law applies and by the master or the insurance society maintaining that it does not. It will be agreed, that it would be better to avoid the conflict.

The premium to be paid to the insurance companies in case of insurance in common law is less than that required by the law of December 24th., 1903, and it is observed as a rule that the farmers, for whom the application of this law is more or less expensive, profit by every occasion, especially of the termination of their contract of insurance under the law of 1903, to claim that they are not subject to it and insure themselves in accordance with common law. Of course farms are cut up and on this account land which

as previously subject to the contract provisions of the law is no longer so; on the other hand, it may happen that the farmers' children grow up and take the place of labourers, so that there is no longer the requisite number of labourers. But, most frequently, farmers prefer to consider themselves not subject to the law of 1903, so as to pay a smaller premium.

We think on these different grounds it would be better to make the 1903 law applicable to all agricultural and horticultural undertakings and, to avoid the difficulties so numerous in a country of small farms like Belgium, make it also applicable to auxiliary undertakings.

And let it not be said that the small farmers are opposed to the idea of insurance, for it is just among the small farmers that the insurance companies make the largest profits. We have already given the number of the policies of the *Assurance Agricole* on September 30th., 1913. Evidently a large number of these policies are held by farmers with farms of a certain size and cover the farmer's liability towards third parties as well as accidents to himself or to members of his family. But it is no exaggeration to say that about 7,500 of these policies are issued to small farmers not subject to the law of 1903.

* *

The law is applicable to agricultural labourers and though a ministerial decision of February 3rd., 1905 fixes the meaning of these words and although we have already had legal decisions enough on the matter, the expression gives rise to practical difficulties. It would be better to make the law applicable to all agricultural wage earners indifferently and especially to servants. Evidently, real farm servants engaged in farm work must be considered as labourers within the meaning of the law, but it is not the same, for example, in the case of farm servants engaged in household work, even if they milk the cows.

The German Imperial Social Insurance Code makes insurance optional for the small farmer and his wife. Would it not be also well if the Belgian law allowed the farmer and the members of his family to insure themselves on the basis of their earnings calculated in advance?

It is true that even after such an extension of the law there will be disputes in regard to some workmen, who must be considered not as labourers, but as artisans, as they are their own masters and provision is not made for their case in this law. Only to mention two examples, clippers of hedges and pruners of trees are in this position; but there is no way of preventing disputes arising as to whether they are properly speaking artisans or labourers. The matter has to be decided in each special case.

* *

One of the greatest difficulties in the application of the law is to fix the wages on which the compensation is based; it is easy to oblige a manufac-

turer and above all a large manufacturer to keep a register of wages, and enter in it those paid to his workmen, week by week, or fortnight by fortnight; the manufacturer insured sends an extract of his register of wages every three months to the insurance society and the premium is fixed in proportion to the wages actually paid.

Again, it is the wages earned by the victim of an accident in his work on which the compensation due to him under the law is based; but, in the case of farmers and especially of small farmers, who predominate in the larger part of Belgium, it is not possible to enforce the regular keeping of registers and the farmer is not himself accustomed to keep them. So the agricultural insurance premium is generally fixed per hectare, after valuation made by the insurance company.

In fixing the compensation due to the victim of an accident, account must be taken of the real wages earned by him on the farm on which he is employed but on small and medium sized farms many other things have to be considered besides the wages in money: when the insured farmer keeps registers of wages, the latter are regularly entered, but it must be taken into account that in certain seasons the wages are higher than in others, and again that the labourers at certain seasons, above all at harvest time, work by contract, and that very often the work is done not only by the labourer, but by his wife and children who are not occupied the whole day. The possible earnings of the labourer in this way must, therefore, be calculated; besides this, the farm servants generally have board and lodging at the farmer's; the farm labourer is very often given his board; very often he has perquisites, regularly allowed, of which account must be taken in estimating his wages. It is then necessary to calculate all he gets, which is generally no easy matter; on the other hand, even in the case of wages in money actually paid by the day, it is very difficult for the insurer to ascertain the true amount. For experience shows that often the farmer insured supports his labourers who have suffered by accidents when they exaggerate the amount of their wages; it is not he who must pay the claim, but a large insurance society, sometimes at a distance, and the farmer knows he will be popular with his labourers if he succeeds in getting the largest possible compensation paid to the man. Above all, in a country where the farmers have difficulty in finding the labourers they require for their farm, is this a point that cannot be overlooked.

It would be necessary then to fix for a certain period, for classes of labourers and for limited districts, the wages on which compensation for accidents is to be based, after hearing the representatives of both the masters and the labourers.

Of course these wages taken as a basis must correspond with those actually gained, whether in money or in kind, but who knows whether for one or other farmer who is now paying less than is usually paid in the district, it might not serve as a salutary lesson, and induce him to pay his labourers wages nearer to the usual standard?

* *

According to article 4 of the Belgian law of December 24th, 1903, compensation is only given when the accident has caused total disablement or more than a week; in this case, compensation is paid from the day succeeding the accident. In this way it was hoped that accidents of very small importance would not be reported; but experience has shown that it would be well not to have this delay: it is a cause of dissatisfaction among the victims of slight accidents and leads more than one of them to prolong the consequence of the accident. A labourer who could resume work five or six days after the accident will be tempted only to resume it on the ninth or tenth day, just on account of the delay prescribed by the law.

The compensation is due to the victim by contract; it is paid in any case, for the law only excludes accidents caused intentionally. The claim paid, we have said, is 50% of the loss incurred and this principle applies whatever be the importance of the accident.

In case of small permanent lesions, it is difficult to justify payment of compensation to agricultural labourers. The intention of the law was to make up for the diminution of the working capacity of the labourer to the extent his wages were affected by it. Now many small permanent lesions entail no diminution of working capacity, or if there is any real diminution, it has no effect on the wages, above all, in a country like Belgium where it is becoming difficult to find agricultural labourers; the farmer does not take account of a lesion or infirmity of small importance. On the other hand, compensations in the form of a few francs a year scarcely improve the situation of the victims. It would be much better to cancel the right to compensation, in case of disablement not felt in the actual economic conditions, and not causing a diminution of professional capacity.

It is understood that the masters or their insurers, who have to pay less on account of permanent disablement of small importance not being compensated, might be obliged by law to give larger compensation in cases of more serious disablement.

Also, in the adjacent countries, experience has shown the uselessness of compensation for accidents of small importance. Thus, to mention an example, the German professional agricultural insurance societies, supported by the chambers of agriculture and the agricultural leagues of their district, have on various occasions requested that it should be laid down in the law, that only in cases of diminution of working capacity by more than 20 % should permanent compensation be given.

Compensations in cases of permanent disablement must be paid as annuities, provided the amount exceeds sixty francs annually; otherwise the judge can, at the request of the party concerned, order the pension to be commuted.

Art. 7 of the law provides that at the request of the victim or his representatives, the judge may decree that a third part at most of the amount of the pension shall be paid in cash.

This general provision it is easy to understand; the intention was to prevent the victims of accidents or their representatives, finding themselves, through an unintelligent use of the compensation paid, in need after they have received it. It is to be understood, therefore, that the authors of the law would have preferred to establish an annual pension. But, in case of agricultural labourers, we think the judge should be free, while taking the necessary precautions, to grant a money compensation, because experience shows that the victims of accidents might then become small farmers. There are now already many such victims permanently disabled who are now farming and the number would increase if means for their installation were granted them. We have carried out an enquiry into this matter for the account of the *Caisse Commune d'Assurance des Cultivateurs Belges*. Of course the figures we have collected refer to too limited a number of cases, but we may conclude from them that already many invalided agricultural labourers, no longer able to continue their work have become small farmers. The desire we have expressed above is of especial importance for an agricultural country very much subdivided as most of Belgium is.

It is not possible here to enter into details with regard to the compensation in case of mortal accidents. By art. 6 of the law such compensation is subject in certain cases to the condition that the victim has been the "support" of the persons to be compensated, especially of his parents. Now, above all in agriculture, this gives rise to many difficulties. Investigation is most usually difficult. How were the parents in need of the earnings of their child and how far did he assist them? Again, often working people who are economical are refused compensation because they are in possession of comparative comfort acquired by their toil and their domestic virtues, whilst others less industrious and less economical and poor, it may be, largely through their own fault, have no difficulty in obtaining the legal compensation.

Also some remarks must be made in regard to the calculation and distribution of the compensation in case of death, according to the provisions of the law. The central division of the Belgian Chamber of Representatives was in favour of another system. I believe that it would have made a better distribution of the compensation, more in proportion to the real loss suffered by each of the heirs.

Again, according to art. 39 of the law, the compensations may be subjected to revision at the end of three years from date of the agreement entered into between parties or the final judgment settling the amount of compensation. The German Reichsversicherungsamt admits use as justifying action for revision of compensation. In Belgium, most of the judges require, before allowing the claim for revision, that there be some physical alteration in the lesions existing at the date of the previous regular settlement of the compensation. It is, however, certain that use has, in practice, a marvellous compensating effect. Very often, in a short time, labourers who have lost a part of a limb for example, a finger or a portion of one, learn to supply the loss suffered, by similar or neighbouring organs which become

more supple, stronger and suited to the new needs created by the loss. If our courts followed the example of the German courts, revision would be made easier and this would be desirable for the equitable application of the law.

* * *

There are still some questions of minor importance relating to compensation for agricultural accidents which might be regulated otherwise than at present by the law of December 24th., 1903. When this came into force on July 1st., 1905, there was at first some slight dissatisfaction among the farmers, but now there is no further question of that. And as we said above, while we recognise that the law might be amended (and now there is a serious talk of its revision) it must be recognised that it is fairly well suited to the requirements of agriculture.

Part III: Credit

GERMANY.

RECENT DEVELOPMENT OF THE CO-OPERATIVE INSTITUTES OF LAND CREDIT FOR RURAL HOLDINGS.

Among the many institutes of every kind in Germany that engage in land credit business, the co-operative organizations known under the name of *Landschaften* are the most important. Above all in Prussia, where the five oldest *Landschaften* have been working for more than 125 years, do these institutes provide a very considerable and continually increasing portion of the real credit required in agriculture.

In the first number of this Bulletin (September 30th., 1910), a short article was published (1) dealing with the origin and development of the *Landschaften*. In the present article it is our intention to complete the information already furnished on the subject, in accordance with the most recent statistics. In addition we shall endeavour to show, within the limits the information at our disposal permit, the importance of the *Landschaften* and similar credit institutes for small and medium sized farms.

Let us first of all say a few words as to the other sources of credit to be considered in the case of rural holdings. Large advances are made on the security of rural holdings, not only by the *Landschaften* and the mortgage banks, but also by savings banks and private capitalists, for first mortgages on rural and urban holdings constitute an excellent investment of capital, thanks to the important guarantee provided by the cadastral and mortgage registration systems in force in Germany.

Of the total amount of capital invested by the Savings Banks the following amounts were invested in rural mortgages: 1,246,000,000 mks. or 35.4 % in 1896 ; 1,792,000,000 mks. or 22 % in 1904 and 2,464,000,000 mks. or 19 % in 1912. The largest proportion of these credits is granted

(1) This article was republished in the first volume of the *Monographs on Agricultural Co-operation in Various Countries*. Also in the number of this Bulletin for November, 1913, there appeared an account of the work of the East Prussian *Landschaft*.

under form of loans repayable on demand; but, in recent years, the savings banks have also contributed to extend the use of loans redeemable in instalments, better answering the conditions and requirements of agriculture. The amount increased from 358,000,000 mks. in 1904 to 689,000,000 mks. in 1912, so that the proportion, in comparison with the total amount of the mortgage loans on rural holdings granted by the savings banks increased from 19.96 % to 27.33 % in the period. But the possibility of realising still further progress in this way is to some extent limited by the fact that the savings banks must at every moment be in position to pay, for the very nature of the deposits they accept prevent their investing large sums in such a way as would hinder their being again available at a comparatively short notice.

In Germany the majority of the mortgage banks have only granted a small proportion of loans on rural holdings. As the insurance societies do even in a larger degree, they above all limit their mortgage credit operation to urban holdings. According to a report published in the number of the *Deutscher Ökonomist* for September 27th, 1913 (page 630), the total amount of the mortgages granted by the 38 German mortgage banks at the end of 1912 was 11,286,702,000 marks. Out of this, only 751,720,000 marks represented rural mortgages. More than two thirds of this was lent by two of these banks, the *Preussische Zentral-Bodenkredit-Aktiengesellschaft* of Berlin, (Central Prussian Land Credit Society, Limited by Shares) which thus lent 273,802,000 marks and the *Bayerische Hypotheken- und Wechselbank* of Munich (Bavarian Mortgage and Exchange Bank), which had lent 246,209,000 mks. These are the two largest mortgage credit establishments of Germany. In addition, three smaller institutes of South Germany had granted mortgage loans on rural land for a total amount of 125,508,000 mks. Five institutes absolutely do no rural mortgage business and the remaining 28, all together lent the comparatively small amount of 86,201,000 mks. on the security of rural mortgages. Amongst all these banks, there are only three in which the credits on rural estate represent more than one fifth of the total credits granted on mortgage: that is 33.3% in the *Preussische Zentral-Bodenkredit-Aktiengesellschaft*, 21.8% in the *Bayerische Hypotheken- und Wechselbank* and 26.7% (31,888,000) in the *Hessische Landes-Hypothekenbank* of Darmstadt (1) (Mortgage Bank of the Grand Duchy of Hesse). These Banks render great services to agricultural credit, as they contribute to extend the only system that is adapted to agriculture, that of loans not repayable on demand, but by means of regular fixed instalments.

In some provinces and some states where there are no *Landschaften*, their place is filled by State or provincial institutes. We shall speak of them in another article at an early date.

(1) The *Hessische Landes-Hypothekenbank*, founded in 1902, has indeed the form of a society limited by shares, but the capital was entirely paid up by the State, the communes and the public savings banks, so that, in spite of its form, it has the character of a Government institution.

§ I THE PRUSSIAN LANDSCHAFTEN.

There are 18 Landschaften in Prussia. As they were founded at various dates and in different localities, they present differences with each other, but have all one essential point in common. They are co-operative societies of landed proprietors, the object of which is to provide their members with cheap mortgage credit, not to be repaid on simple demand of the lender. They are all corporations in public law, managed by their members and supervised by the State. Their duty is to bring landholders who have need of credit into relation with capitalists desirous of investing their money. They issue the mortgage loans granted to their members in accordance with a strict estimate of the yield of the holding, under the form of land bonds (*Pfandbriefe*) which those receiving them can sell on the public exchange. Some Landschaften do not issue land bonds for their own account but are affiliated to the Central Landschaft founded in 1873, which places at their disposal the land bonds they have need of for their members. This union for the collective issue of land bonds serves principally to obtain a large market for the bonds by reducing the rate of interest to be paid. The issue of the land bonds is based on the mortgages registered in favour of the Landschaft on the farms serving as security for the loan. However, in the most ancient Landschaften, all the land holders who, according to the law, belong to the Landschaft, are liable to the extent of their real property for the engagements of the Landschaft (general guarantee), independently of the fact whether they have received a loan or not. Nowadays, the Landschaften have also, most of them, a sufficiently large amount of capital of their own, accumulated in the course of years and have also a considerable sinking fund formed by the annual regular instalments of their debts repaid by the debtors. The security of the land bonds is further increased by the character the Landschaften possess of institutions in public law and above all by the rights granted them in the case of a debtor not meeting his engagements. In fact, in such a case, they are authorized to distrain upon the estate of the debtor, without judicial authorization being necessary. Under existing conditions, the land bonds of the Landschaften are to be accounted among the safest of investments, so that their value is quite the same as that of the best state securities.

We do not want to enter too deeply into the characteristics of the organization of the Landschaften, but shall only now glance at the situation of their business.

The following table, in which we give figures showing the amount of land bonds issued by the various institutes gives a view of the development of their work in the last ten years :

TABLE I. — *Lettres de Gage Issued by the Prussian Landschaften.*
(Thousands of Marks).

Name of the Institute	Date	Years				
		1901	1906	1911	1912	1913
1. East Prussian Landschaft . .	24.12.	367,537	412,631	467,436	481,372	—
2. West Prussian Landschaft . .	20.5.	135,469	130,563	125,616	128,038	128,600
3. New West Prussian Landschaft	20.5.	117,777	167,958	204,707	215,572	220,011
4. Credit Institute for the Nobles' Landed Estates in Kur- and Neumark	31.12.	192,809	191,463	180,172	180,808	—
5. New Credit Institute of Brandenburg	31.12.	133,765	141,849	142,176	146,202	—
6. Pomeranian Landschaft . . .	24.6.	242,251	251,738	261,417	263,246	265,944
7. New Pomeranian Landschaft for Small Holdings	24.6.	14,004	24,488	28,252	27,995	28,371
8. Landschaft of Posen	31.12.	295,231	331,100	348,191	398,015	—
9. Silesian Landschaft:						
(a) Department for Large Holdings	31.3.	371,657	398,168	407,692	411,262	411,111
(b) Department for Small Holdings	31.3.	160,734	199,969	216,440	220,119	223,770
10. Landschaft of the Province of Saxony	31.12.	107,773	150,578	201,860	227,997	244,347
11. Landschaft of Schleswig-Holstein	30.9.	5,103	20,716	61,656	81,419	—
12. Landschaftlicher Kreditverband (Credit Association) of Schleswig-Holstein	31.12.	16,162	41,547	54,450	63,360	—
13. Credit Association for the Nobles' Landed Estates in the Districts of Calenberg, Göttingen, Grubenhagen and Hildesheim, at Hanover . .	31.3.	20,410	22,292	26,745	28,492	—
14. Credit Institute for the Nobles' Landed Estates of the District of Lüneburg, at Celle .	24.6.	14,157	15,484	16,267	16,712	—
15. Credit Association for the Nobles' Landed Estates of the District of Bremen, at Stade .	1.4.	10,055	10,085	10,439	10,438	10,590
16. Landschaft of the Province of Westphalia	31.12.	56,669	74,424	95,192	102,904	—
17. Credit Institute of Upper and Lower Lusatia, at Görlitz . .	31.12.	343	330	258	258	—
18. Central Landschaft of Prussia .	1.12.	—	426,848	459,569	487,057	—

From this table we see that the amount of the land bonds issued by the Prussian *Landschaften* in 1912 was about 3,000,000,000 mks. (1) It must be observed that of this amount about 2,500,000,000 mks. were issued by the *Landschaften* of the six eastern provinces (nos. 1-9). There are various reasons to explain this. However, the most important is that the *Landschaften* of these provinces have already a long history and also that the large landed estates, very frequent in the East, avail themselves largely of the credit the *Landschaften* provide. On the other hand, some of the Western provinces, either like Hesse Nassau and the Rhine Province, have no *Landchaft*, or, like Hanover, only institutes of very limited importance (nos. 13-15). It must be also remembered that the land holders of the Western Provinces, for the most part peasant farmers, are but little in debt in comparison with what we find in the East. In the Western Provinces, owing to the great abundance of capital, the rate of interest on private mortgages is lower than in the East, so that there is no potent and imperative motive there to transform private mortgages into mortgages to the credit institutes, in order to realise by this operation a saving in the amount of interest to be paid. Finally, the Savings Banks, which here have at their disposal considerable funds, have in these districts carried on a large credit business for the benefit of rural land holders. From the figures published in the Prussian Statistical Yearbook for 1912, on page 366, we see that the Savings Banks of the six eastern provinces had all together only lent 1,800,000 marks in 1911 on rural mortgages, and of this 157,400,000 marks under the form of credits redeemable in instalments, whilst in the western provinces the loans on mortgage granted by savings banks amounted to 57,600,000 marks, with 484,800,000 marks under the form of credits redeemable in instalments.

When we consider the progress of the *Landschaften*, we see it has been very different in different cases. Some seem to have reached a period of arrest or of slow decline, whilst others are quite flourishing. This is principally because some of the *Landschaften* limit their field of action to granting credit to large landowners, who have now almost completely satisfied their needs for it, whilst other *Landschaften* lend in preference to small farmers. In their case, the conversion of private mortgages, less

(1) The amount of the land bonds issued by the *Zentrallandschaft* is also included in the figures given for the institutes for account of which they were issued. On December 31st., 1912, it was 1,141,000 marks for the *Westpreussische Landschaft* (West Prussian *Landschaft*); 186,000 marks for the *Kur- und Neumärkische Ritterschaftl. Kreditinstitut* (Credit Institute for the Landed Estates of the Nobles in Kurmark and Neumark); 146,202,000 marks for the *Brandenburgisches Kreditinstitut* (New Brandenburg Credit Institute); 4,351,000 marks for the *Pommersche Landschaft* (Pomeranian *Landschaft*); 7,240,000 marks for the *Neumärkische Landschaft* (New Pomeranian *Landschaft*); 78,963,000 marks for the *Landchaft der Provinz Sachsen* (*Landschaft* of the Province of Saxony); 83,455,000 marks for the *Schleswig-Holsteinische Landschaft* (Schleswig-Holstein *Landschaft*) and 258,000 marks for the *Kreditinstitut für die Ober und Nieder Lausitz* (Credit Institute for Upper and Lower *Lausitz*).

profitable for the farmers, into *Landschaften* mortgages opens for the institutes an immense field of action (1).

The conversion of all the mortgage debts of the small farmers, from debts to private individuals, as they are at present for the most part, into debts secured on land bonds, is now the most important task the Prussian *Landschaften* have to accomplish. It is on the result of their efforts in this direction that the degree of their future development essentially depends. In spite of the great progress they have made, the *Landschaften* have not yet reached in this field the preeminent position they occupy in respect to the large landed proprietors.

A consideration of the measures adopted by the *Landschaften* in recent decades shows clearly that they recognise it as an important duty to give the advantages of cheap agricultural loans, not to be repaid on demand, but by a system of compulsory instalments, to the owners of small and medium sized farms.

Of the five oldest *Landschaften*, originally intended to provide for the needs of the large land holders, there are three, the West Prussian *Landschaft*, the Credit Institute for the Nobles' Landed Estates in Kurmark and Neumark and the Pomeranian *Landschaft*, that, in 1861, in 1869 and 1871, founded special establishments for credit to peasant farmers. Whilst the Silesian and East Prussian *Landschaften*, since about the same date, have been themselves providing small farmers with credit. The *Landschaften* founded in the provinces of Posen (1857), Saxony (1866) and Westphalia (1877) have from the start allowed small landowners to benefit of their credit. The *Landschaftlicher Kreditverband für Schleswig-Holstein* (Schleswig-Holstein Credit Association), founded in 1882, is entirely for the peasants. The *Schleswig-Holsteinische Landschaft* (Schleswig-Holstein *Landschaft*), founded in 1895, quite at first was only concerned with large landed proprietors, but in 1907 it extended its business to include credit to proprietors of small and medium sized holdings. What are the results these institutions have up to the present attained by the grant loans to peasant farmers?

The loans granted on the security of peasant holdings by the *Schlesische Landschaft* (Silesian *Landschaft*) amounted in 1885 to 41,700,000 marks; in 1895 to 106,300,000 marks and in 1905 to 188,700,000 marks. On March 31st., 1913, the total amount of these loans was 233,700,000 marks. The 15,829 holdings (2) on the security of which it had granted credits

(1) The decreased business of the *Westpreussische Landschaft*, the amount of the land bonds which in circulation was, in 1886, 155,000,000 mks., and even, in 1896, 145,000,000 mks., may be largely attributed to the action of the Colonisation Commission (*Ansiedlungskommission*) founded in 1886. Cfr. *Bulletin of Economic and Social Intelligence*, December, 1912, p. 1. This Commission and the Prussian State, during the period 1895-1913, by means of purchase of landed estate, caused the redemption of land bonds to the amount of 33,868,165 m.

(2) The 11,000,000 marks advanced by this *Landschaft* as loans on large landed estates on March 31st., 1913 had been granted on the security of 1,879 such estates.

December 24th., 1912, could be classified as follows according to their area :

1,425	of an area of less than 5 hectares
7,817	" " " " between 5 and 20 hectares
6,068	" " " " " 20 " 75 "
589	" " " " more than 75 "

As regards the amount of credit granted :

549	holdings had received loans of less than 5,000 mks.
878	" " " " between 5,000 and 30,000 mks.
269	" " " " 30,000 and 100,000 mks.
133	" " " " more than 100,000.

The loans granted by the *Ostpreussische Landschaft* (East Prussian Landschaft) on holdings of less than 100 ha. were at the end of 1912 in round numbers 13,700 ; 2,600 of the holdings were of less than 20 ha. and 10,300 less than 50 ha. The number of holdings of more than 100 ha. on which loans had been granted was 2,900, a figure somewhat higher than in 1895, whilst the number of holdings of less than 100 ha. receiving loans was 3,178 in 1885 and 8,095 in 1895. Thus, in the last thirty years, peasant holdings have taken the first place by far in regard to number, if not certainly in regard to the total amount of loans conceded to their owners. With regard to the amount of the loans, there were 8,336 for amounts of less than 1,000 marks, 6,056 for amounts of between 10,000 and 50,000 mks, and 192 for amounts of more than 50,000.

In the *Neue Westpreussische Landschaft* (New West Prussian Landschaft), founded exclusively for the grant of credit to peasant landholders, between 1903 and 1913 (May 20th.), the number of holdings for which loans were granted increased from 7,389 to 11,308 and the amount lent increased from 1,861,270 mks. to 229,019,410 mks.

In the case of the Province of Posen, it is not possible to gather from the annual reports the number of the peasants' holdings for which credit was granted, nor the proportion of these loans to the total amount lent.

The *Neues Brandenburgisches Kreditinstitut* (New Brandenburg Credit Institute), founded by the *Kur- und Neumärkisches Ritterschaftliches Kreditinstitut* for the peasant landowners has progressed as follows :

Amount of Loans	Area of Holdings	Total Amount of Loans
1880	93	3,694,600 marks
1890	4,195	74,274,300 "
1900	9,007	130,972,350 "
1905	9,931	141,729,150 "
1910	10,345	142,972,800 "
1912	10,444	146,202,400 "

The farms for which loans had been granted up to the end of 1912 were as follows in respect to their area and the amount of the loans granted to them:

Area of Holdings		Number
Less than	5 ha.	300
Between 5 and 20	"	3,660
" 20	" 50 "	4,283
" 50	" 75 "	1,335
" 75	" 100 "	451
More than	100 "	415

Amount of Loans	Number of Holdings	Total Amount of Loans
Less than 2,000 marks . . .	828	2,143,400 mks.
Between 3,000 and 20,000 mks.	7,936	73,189,750 "
" 20,000 " 100,000 "	1,607	57,413,050 "
More than 100,000 mks. . . .	73	13,455,200 "

From the above figures, we see, that in the four provinces of Silesia, East Prussia, West Prussia and Brandenburg, the peasants' holding for which loans were obtained from the *Landschaften* were more than 50,000 in number and the amount lent was about 750,000,000 marks. However, this is only a small number of the farms that are able to obtain credit from the *Landschaften* under the regulations in force, for there are about 60,000 farms alone in the Province of Brandenburg and about 55,000 in that of East Prussia.

The *Neue Pommersche Landschaft* (New Pomeranian Landschaft) has not flourished to the same degree, for in Pomerania the area farmed by the peasants is not large. The number of farms for which it had granted credit on June 24th, 1912 was only 1,320.

In 1909, the Landschaft of the Province of Saxony granted loans to 1,455 landowners for the amount of 102,800,000 mks., and in 1912 loans to 3,202 holdings, 405 of which were nobles' landed estates (*Rittergüter*) for the amount of 228,000,000 mks.

At the end of 1912, the *Westfälische Landschaft* (Westphalian Landschaft) had granted loans for the amount of 102,900,000 marks for 4,986 holdings. The comparatively low average amount of the loans shows that they were chiefly for peasant farms.

The *Landwirtschaftlicher Kreditverein für Schleswig-Holstein* (Schleswig-Holstein Agricultural Credit Association) had, at the end of 1912, 3,200 members. Of the 501 new credits granted in 1912, 140 were for holdings of less than 20 ha., 228 for holdings of between 20 and 50 ha., 103 for holdings of from 50 to 100 ha. and 30 for those of more than 100 ha.

The *Schleswig-Holsteinische Landschaft* (Schleswig Holstein Landschaft), at the end of 1912, had granted credits for 105 landed estates of the nobility, large farms (*Meierhöfe*) and 2,385 miscellaneous holdings.

In the following Table II, the land bonds issued by the Prussian *Landschaften* are classified according to their rate of interest. The rate of interest is a sure standard by which to judge the cost of the loans to the farmers, as the *Landschaften* receive very little beyond their working expenses. Most of the bonds in circulation bear interest at $3\frac{1}{2}\%$. However, in recent years, on account of the generally high price of money, the *Landschaften* have been compelled again to charge 4 % on their new issues.

TABLE II. — *Classification of Lettres de Gage Issued,
according to their Rate of Interest.*
(Thousands of Marks).

Institute	Date	3 %	3 ½ %	3 ¾ %	4 %
1. East Prussian Landschaft	24.12.12	16,846	—	338,755	125,770
2. West Prussian Landschaft	20.5.13	11,986	—	105,108	11,514
3. New West Prussian Landschaft	20.5.13	9,446	—	175,390	44,174
4. Credit Institute for the Nobles' Landed Estates in Kur- and Neumark	31.12.12	68,172	—	108,619	4,017
5. New Brandenburg Credit Institute	31.12.12	26,090	—	116,009	4,101
6. Pomeranian Landschaft	24.6.12	60,493	799	201,424	368
7. New Pomeranian Landschaft	24.6.12	1,865	—	226,050	79
8. Posen Landschaft	31.12.12	6,386	—	250,400	133,140
9. Silesian Landschaft:					
(a) Large Landed Estates Department	31.3.13	138,058	—	224,786	48,266
(b) Small Holdings Department	31.3.13	38,767	—	140,214	44,730
10. Landschaft of the Province of Saxony	31.12.12	59,620	—	83,057	85,340
11. Schleswig-Holstein Landschaft	30.9.12	8,256	—	38,537	34,081
12. Landschaftlicher Kreditverband of Schles- wig-Holstein	31.12.12	1,519	—	29,799	32,041
13. Credit Association for the Nobles' Landed Estates of the District of Calenberg, Göt- tingen, Grubenhagen and Hildesheim	31.3.12	—	—	20,623	7,861
14. Credit Instit. for the Nobles' Landed Estates of the District of Lüneburg, at Celle	24.6.12	—	—	13,875	2,831
15. Credit Association for the Nobles' Landed Estates of the Duchy of Bremen, at Stade	1.4.13	—	—	10,436	10
16. Landschaft of the Province of Westphalia	31.12.12	5,842	—	46,004	31,051
17. Credit Institute of Upper and Lower Lu- satia, at Görlitz	31.12.12	—	—	258	—
18. Prussian Central Landschaft	1.12.12	115,993	—	320,908	55,151

In the following table, we show the amount of sinking fund formed by the regular payments of the members, as well as the funds belonging to the Institutes themselves formed by the savings realised on working expenses, and the reserve and guarantee funds. We must, however, observe in this connection, that in the case of some of these institutes the amount possessed by the Institute is larger than that registered, for some assets, such as the buildings serving for offices and the capital invested in special undertakings, are not shown on the balance sheets of these establishments.

TABLE III. — *Sinking Fund, Own Capital and Special Funds of the Chief Landschaften.*
(Thousands of Marks).

Institute	Sinking Fund	Own Capital	Special Reserve Fund
1. East Prussian Landschaft	13,438	13,090	—
2. West Prussian Landschaft	7,455	10,832	2,917
3. New West Prussian Landschaft	10,600	8,890	2,971
4. Credit Institute for the Nobles' Landed Estates in Kur- and Neumark	19,519	8,688	—
5. New Brandenburg Credit Institute	12,088	1,018	—
6. Pomeranian Landschaft	19,947	12,814	—
7. New Pomeranian Landschaft	1,285	1,618	—
8. Posen Landschaft	26,898	22,021	—
9. Silesian Landschaft:			
(a) Large Landed Estates Department	37,685	16,762	5,924
(b) Small Holdings Department	15,342	—	5,063
10. Landschaft of the Province of Saxony	23,134	2,366	3,745
11. Schleswig-Holstein Landschaft	1,979	450	1,071
12. Landschaftlicher Kreditverband of Schleswig-Holstein	2,440	770	—
13. Landschaft of the Province of Westphalia	7,188	653	2,303

12. CO-OPERATIVE LAND CREDIT INSTITUTES IN OTHER STATES OF GERMANY.

There are also in the Grand Duchy of Mecklenburg Schwerin, in the Duchy of Brunswick, and in the Kingdoms of Saxony, Württemberg and Bavaria, co-operative land credit institutes of the type of the Prussian Landschaften.

Mecklenburg. — The *Ritterschaftlicher Kreditverein für Mecklenburg* (Credit Association for the Lands of the Nobility in Mecklenburg), with head quarters at Rostock, was founded in 1818. At the end of 1912, the amount of its land bonds in circulation was 41,067,750 marks; it was receiving 3 ½ % interest on 40,617,750 marks and 4 % on 450,000 marks.

§ *Brunswick.* — The *Ritterschaftlicher Kreditverein für das Herzogtum Braunschweig* (Credit Association for the Lands of the Nobility of the Grand Duchy of Brunswick), with head quarters at Wolfenbüttel, was founded in 1862. The land bonds issued by this institute amounted at the end of 1912 to 13,195,900 mks. The rate of interest was 4 %.

Saxony. — In the kingdom of Saxony, there are two institutes of Land-schaften type, differing, however, very greatly from each other, both as regards their organization and their activity.

The older is the *Erbländischer Ritterschaftlicher Kreditverein im Königreich Sachsen* (Credit Association for the Land of the Nobility of the Kingdom of Saxony) founded in 1844. At the end of 1912, the amount invested by it in mortgages was 78,936,125 mks. It had granted loans to the amount of 46,774,700 mks. for 384 landed estates of nobles with 83 peasant farms connected with them and 32,161,425 marks for 1,275 peasant farms. The sinking fund paid amounted to 11,711,151 marks, so that the net balance of the debt was 67,244,975 marks. The land bonds in circulation, representing altogether an amount of 68,026,100 marks, had been issued at 3 % for 2,484,100 mks.; at 3 ½ % for 56,185,725 mks.; at 2 ¼ % for 905,775 mks. and at 4 % for 8,450,500 mks.

Besides this, since 1866, there has been a *Landwirtschaftlicher Kreditverein im Königreich Sachsen* (Agricultural Credit Association of the Kingdom of Saxony) granting credit to communes, but also and above all for peasant farms. It is on the formed model of the co-operative credit societies with the form of private societies, but it has, however, been recognised as an institute in public law like the *Landschaften*. In contrast to the system of the Prussian *Landschaften* in which the capital is only formed gradually by means of savings realised on the working expenses, the members must, in this institute, contribute to the formation of a working capital by means of the purchase of shares. At the end of 1912, the share capital amounted to 5,661,391 marks and the number of the members stood at 16,270. Since 1900, the shares have paid a yearly dividend of 4 %. The loans made to landowners and redeemable in instalments, amounted to 182,326,125 marks and those to communes to 219,791,250 marks. The total number of credits to farmers was 16,004. In most cases, these were comparatively small loans. The number of those for not more than 20,000 marks was 14,142, whilst there were only 1,569 loans passed for from 20,000 to 50,000 marks and only 269 loans for more than 50,000 mks.

Württemberg. — In Württemberg the *Württembergischer Kreditverein* (Württemberg Credit Association) at Stuttgart, was founded in 1827, and gives credit both on the security of urban and rural land. At the end of 1910, it had granted 9,413 loans to 7,689 members 5,519 for the

amount of 85,120,099 mks on urban estate and 3,884 for 18,729,837 mks. on rural land.

Bavaria. — The Bavarian farmers have in the *Bayerische Landwirtschaftsbank* (Bavarian Agricultural Bank), a co-operative bank exclusively for real agricultural credit. This bank, on the model of the Prussian *Landschaften* and the Saxon *Landwirtschaftlicher Kreditverein*, was founded at Munich on December 2nd, 1896. On the 27th November, the rules drafted by the Bavarian Board of Agriculture (*Bayerischer Landwirtschaftsrat*), had received the approval of Government. In this way the need was met that had been often expressed by the Congresses of Agriculture since 1880, for the formation of a land credit institute in Bavaria, adapted to the special conditions of agriculture there.

The Bavarian Agricultural Bank is organized somewhat differently from the Prussian *Landschaften*. It is the only establishment of the kind which is not only constituted after the model of the co-operative societies in public law, but also subject to the law of 1889 regulating such societies.

Every member on entering the co-operative society must purchase a hundred marks share. If he applies for a loan of more than 5,000 mks., he must buy a share for each additional 5,000 mks. No member may have more than 200 shares. On December 31st, 1912, the number of members was 21,083 and they possessed altogether 42,791 shares. The number of members who had not had recourse to credit was 818 and they possessed 1,573 shares.

Before the foundation of this co-operative society, a Government establishment had been contemplated. But the idea was abandoned later, on consideration of the risk inherent in a costly administration and the fact that State institutes are often characterised by too insufficient commercial activity. The Bank has received considerable assistance from the State. On its foundation, it was granted, in accordance with § 17 of the financial law of June 17th, 1896, a working capital of 1,000,000 mks., free of interest.

It was further granted an advance at 3 % interest amounting at first to 1,000,000 marks and afterwards raised to 4,000,000 mks by law of January 24th, 1898. Up to 1905, it received also an annual amount of 40,000 marks as a contribution to its working expenses. It enjoys, besides, certain privileges, amongst which we may mention that the capital of minors may be invested in land bonds and other securities issued by it. A Government commissioner supervises the work of the bank.

It grants mortgage loans on agricultural or forest land, and loans to communes without special security. The loans on rural land are granted up to the amount of half the value of the land. Farmers, appointed by the bank as confidential agents for the commune in which they reside, act as intermediaries. Owing to the very small working expenses, and to the fact that the profits are always exclusively invested for the benefit of members, the bank is in a position to grant loans on the most advantageous terms possible in view of the situation of the financial market. At the end of 1912, the mortgage loans amounted to 140,788,864 marks and those granted to

communes to 14,936,500 marks. Of the amounts lent on mortgage, 85,270,264 marks were lent at 3 $\frac{3}{4}$ % and 55,518,600 mks. at 4 $\frac{1}{2}$ %.

These figures give the *Bayerische Landwirtschaftsbank* the second rank among the Bavarian mortgage banks.

It answers the conditions of landed property in the kingdom perfectly, for small and medium sized farms of from 2 to 10 ha. and from 10 to 50 ha. are most numerous there and cover most of the cultivated area. It is above all a credit institute for small and medium sized farms. Of the 27,165 agricultural loans granted by it since its foundation up to the end of 1912 for an amount of 175,058,800 marks, 26,111 or 96.16 % for 131,868,400 mks. or 75.35 % of the amount lent, were for less than 20,000 mks.; 864 for 25,717,800 mks. for from 20,000 to 50,000 mks.; and only 170, for 17,472,600 mks., were for more than 50,000 mks.

If we consider the area of the farms, the loans on mortgage made between 1897 and the end of 1912, exclusive of supplementary loans, may be classified as follows:

Classes of Farms	1897-1906	1907-1912
Farms of Less than 1 hectare	264 for 314,118 mks	148 for 209,600 mks
" " Between 1 and 10 hect.	7,874 " 28,234,197 "	6,524 " 26,756,300 "
" " " 10 " 100 "	5,161 " 61,823,635 "	3,233 " 42,358,000 "
" " More than. . . 100 "	33 " 3,921,000 "	23 " 2,945,600 "
Total . . .	13,332 " 94,292,950 "	9,928 " 72,269,500 "

The following figures, relating to the changes in the economic position of the debtors, since the date of their loans, show that the credits granted by the Bank have served to reduce the indebtedness of agricultural property rather than to increase it. Out of 140,064,500 marks, the total amount lent between 1900 and 1912, 23,520,250 marks have served to pay off mortgages redeemable in instalments and 68,245,194 to pay off mortgages not so redeemable. It is besides evident that, when the new loans contracted are not due to excessive prices having been paid for purchase, but serve for the introduction of useful improvements answering modern requirements, they only encourage agricultural progress.

DENMARK.

THE SITUATION OF THE DANISH LAND CREDIT ASSOCIATIONS IN 1913 (1).

In our number for April, 1911, we published a detailed study on the organization of rural land credit in Denmark, and in that for January, 1913, note on the work done by the Land Credit Associations in 1912. We have now material enabling us to furnish similar statistics for the year 1913. In order to facilitate the study of these, we shall, as before, arrange the data in two tables, the first of which will give all statistical information for the *land credit associations* only granting loans on first mortgage, while the second will give it for the *mortgage associations*, founded, on the contrary, for the purpose of granting cheap loans on second mortgage (see the article above referred to, in our number for April, 1911). We shall only here remind our readers that all the associations are founded on the co-operative principle of mutual solidarity.

The following table shows that the total amount of the loans granted on first mortgage by these 14 associations amounted at the beginning of 1913 to 1,724,000,000 crowns or 226,000,000 crowns more than in 1910. As many of the associations do not distinguish in their reports between urban and rural loans, precise information cannot be given with regard to the amount of the rural land debt, but it is estimated at half the total debt. We shall have accurate information on this subject when the Statistical Department has issued the detailed statistics of mortgages it is now preparing.

The mortgage associations, for their part, are divided into two distinct groups as shown in our second table.

Finally, as regards the Kingdom of Denmark Mortgage Bank, on August 1st., 1912, it contracted a new loan of 15,000,000 francs (10,800,000 crowns), enabling it to purchase from the Treasury bonds for State Loans to Small Farmers (*Jordlodder til Landarbejdere*). On March 31st., 1913, the bank possessed bonds of the land credit associations for the amount of 3,481,000 crowns and "*Jordlodder til Landarbejdere*" bonds for that of 4,414,000 crowns.

(1) This article has been sent to us by our Copenhagen correspondent.

TABLE I. — *Situation of the Land Credit Associations in 1913 (1).*

	Associations	Number of Mortgages or Loans	Original Mortgages	Mortgages Outstanding ¹	Reserve Fund	Last Date	Year of Foun- dation
			Crowns	Crowns	Crowns		
1	Den dansk Landmandsbanks Hypotekafdeling (Mortgage Division of the Danish Farmers' Bank)	1,450	—	20,705,196	—	31-12-1912	1872
2	Kreditkassen for Husejerne i Kjøbenhavn (Copenhagen Householders' Credit Society)	1,625	—	101,090,610	6,092,028	10-3-1913	1797
3	*Kreditforeningen af Grundejere i de danske Østlister (Credit Association of Proprietors in the Dioceses of the Danish Islands)	37,926	507,201,200	439,900,803	14,922,218	31-3-1913	1851
4	**Kreditkassen for Landejendomme i Østlisterne (2) (Credit Association for Rural Landed Property in the Dioceses of the Islands)	11,394	139,276,200	130,566,132	3,443,616	31-3-1913	1866
5	*Kreditforeningen af Grundejere i Fyns Stift (Credit Association of the Landed Proprietors in the Diocese of Fyen)	6,045	43,105,000	41,779,466	1,170,310	31-3-1913	1880
6	*Kreditforeningen af Ejere af Mindre Ejendomme paa Landskabet Østlisterne (Credit Association of the Peas- ant Farmers of the Diocese of the Islands)	28,408	42,314,920	38,209,624	1,843,730	31-3-1913	1880

	(Jutland Rural Landowners' Credit Association)	33,675	401,361,000	382,398,694	16,177,921	31-3-1913	1851
10	Den vest- og sønderjydske Kreditforening af Land- ejendomsbesidderne (Credit Association of West and South Jutland Landowners)	16,734	145,850,000	136,251,996	7,602,118	31-12-1912	1860
11	Kreditforeningen af Købstadgrundejere i Nørrejylland (3) (North Jutland Town Landowners' Credit As- sociation)	23	109,600	23,824	476	29-2-1913	1852
12	Ny Jydske Købstadkreditforening (New Credit Asso- ciation of the Towns of Jutland)	10,676	117,069,400	109,877,200	6,191,127	31-3-1913	1868
13	* Kreditforeningen af Ejere af mindre Ejendomme paa Landet i Jylland (Jutland Peasant Farmers' Credit Association)	75,965	134,374,800	122,998,496	5,190,268	31-3-1913	1880
14	Kreditforeningen af Grundejere paa Landet i Jylland (Jutland Country Landowners' Credit Association)	4,574	32,052,300	29,710,215	1,434,966	31-3-1913	1893
	Total 1913 . . .	231,794	—	1,724,288,684	71,382,906	—	—
	" 1912 . . .	223,729	—	1,644,600,935	66,354,057	—	—
	" 1911 . . .	214,274	—	1,568,908,194	61,783,673	—	—
	" 1910 . . .	204,809	—	1,497,707,928	59,582,279	—	—

(1) The Associations marked with * grant loans on both urban and rural land; those marked with ** grant loans almost exclusively on rural land.

(2) This is a credit association and not a credit society; *cf. Bull. of Econ. and Social Int.* 1911, IV, p. 187.

(3) In liquidation since 1861.

TABLE II. — Situation of the Mortgage Associations in 1912.

	Associations	Number of Mortgages	Original Mortgages	Mortgages Outstanding	Reserve Fund	Last Date	Year of Foundation
<i>Essentially Urban Mortgage Associations:</i>							
1	Hypotekforeningen for Ejbenaavn og Omegn (Mortgage Association for Ejbenaavn and Environs)	2,096	37,798,600	37,409,861	1,200,965	31-3-1913	1895
2	Grundejernes Hypotekforening (Landowners' Mortgage Association)	756	13,109,900	12,813,400	325,700	31-3-1913	1905
3	Hypotekforeningen for Aalborg (Aalborg Mortgage Association)	641	3,592,300	2,951,058	135,984	31-3-1913	1895
4	Hypotekforeningen for Aarhus (Aarhus Mortgage Association)	1,282	10,123,800	7,271,960	248,923	31-3-1913	1895
5	Jydsk Hypotekforening (Jutland Mortgage Association)	3,407	16,338,300	15,040,554	745,721	31-3-1913	1899
6	Østfarnes Hypotekforening (Mortgage Association for the Dioceses of the Islands)	3,902	15,653,000	14,136,526	740,297	31-3-1913	1901
	Total . . .	12,684	96,615,900	89,623,359	3,397,680	31-3-1913	
<i>Essentially Rural Mortgage Associations:</i>							
1	Jydsk Land-Hypotekforening (Jutland Rural Mortgage Association)	5,241	9,560,500	9,120,404	545,629	31-3-1913	1906
2	Østfarnes Land-Hypotekforening (Rural Mortgage Association of the Dioceses of the Islands)	1,594	6,840,100	6,269,828	335,270	31-3-1913	1906
3	Husmande-Hypotekforening (Mortgage Association of Peasant Farmers)	5,358	4,744,600	4,509,264	122,760	31-3-1913	1907
	Total . . .	12,193	21,125,200	19,899,496	1,003,659	31-3-1913	
<i>Urban and Rural Associations: Total 1913 . . .</i>							
		24,877	117,741,100	109,522,855	4,404,339	31-3-1913	
	" 1912 . . .	22,118	103,381,700	96,583,700	3,674,038	31-3-1912	
	" 1911 . . .	20,553	95,458,100	90,143,200	3,161,044	31-3-1911	
	" 1910 . . .	20,119	89,742,700	83,338,240	3,347,504	31-3-1910	

FRANCE.

AGRICULTURAL PRODUCE WARRANTS.

OFFICIAL SOURCE :

REPORT ON AGRICULTURAL PRODUCE WARRANTS, presented to the President of the Republic by the Minister of Agriculture, on December 29th., 1913.

The law of July 18th., 1898 on agricultural warrants belongs to the group of those by means of which Parliament and Government have attempted to place at the disposal of the peasant landowners all suitable means for the consolidation of their farms, in harmony with the development of national agriculture.

The object of this law was by creating a system of credit on pledge for the advantage of the farmers, to adapt to their requirements an institution which has long been of the greatest service in commerce.

In spite of all the hopes this innovation legitimately gave rise to, it remained, however, for many years quite without effect. At the end of August, 1905 agricultural warrants had only been issued in 64 departments for an amount of 35,378,590 frs.

Impressed by the small results of the law, Parliament endeavoured, by the law of April 30th., 1906 to reduce the number of its formalities, its delays and cost and to give the lender additional security.

The Government last year considered that sufficient time had passed since the promulgation of this latter law for the institution of a general enquiry in order to learn how far the new legislation had contributed to facilitate the use of agricultural warrants among the peasants.

The results of this enquiry will be found summarised in the following table.

Summary of Agricultural Warrants Issued in Terms of Law of April 30th., 1906, up to December 31st., 1912.

Appel Court	Number of Warrants	Total Value of Produce for which Warrants were Issued	Amounts Borrowed	Proportion of the Amount Borrowed to the Value of the Produce for which Warrants were Issued	Grain		Industrial Produce	
					Total Value of Produce for which Warrants were Issued	Total Amount Borrowed	Total Value of Produce for which Warrants were Issued	Total Amount Borrowed
					6	7	8	9
Agne	816	2,001,003	1,103,447	55	170,130	—	30,670	—
Alençon	816	2,001,003	1,103,447	55	170,130	—	30,670	—
Angers	816	2,001,003	1,103,447	55	170,130	—	30,670	—
Angoulême	497	2,770,437	5,609,435	62	204,6493	56,430	633,640	137,875
Beaune	70	—	332,403	60	—	—	—	—
Besançon	1,868	15,513,719	121,800	—	18,800	—	—	—
Bordeaux	12,534	100,576,615	3,001,666	3	3,001,665	39,700	39,700	—
Bourges	275	1,631,010	30,470	53	489,272	—	—	—
Chambéry	9	30,200	10,370	34	44,300	—	—	—
Dijon	174	879,492	431,803	39	43,700	13,470	44,300	—
Épernay	244	1,000,000	51,000	34	51,000	—	—	—
Limoges	732	1,100,740	519,269	46	58,581	—	—	—
Lyons	166	8,500	7,000	82	70,154	—	—	—
Montpellier	22,842	258,868	154,844	59	—	—	17,438	—
Nancy	74	56,039,197	17,440,401	30	12,884	—	15,000	—
Nîmes	326	226,005	1,302,319	34	20,180	1,700	4,000	5,000
Orléans	460	2,860,000	1,302,319	50	2,400	—	26,220	—
Paris	82	266,178	482,080	50	120,443	—	—	—
Poitiers	1,414	224,310	195,531	87	7,340	—	200	—
Reims	125	4,786,215	2,181,571	45	701,600	—	—	—
Rouen	80	484,211	276,887	45	701,600	6,000	4,850	9,550
Saint-Omer	80	85,080	471,532	45	701,600	—	450	—
Tourcoing	1,270	not stated	2,701,357	51	235,883	—	70,370	—
Toulouse	241	1,475,493	1,504,368	100	67,993	—	54,000	—
Total	43,892	204,396,073	914,394,415	53.14	9,315,849	57,620	1,288,867	164,728
		9,070,000	3,000,000	33	34,537,358	1,944,131	3,000,579	243,875

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Appel Court	Horned Cattle		Cattle Feed, Straw, Lucerne		Wine		Miscellaneous	
	Total Value of Produce for which Warrants were issued	Amounts Borrowed	Total Value of Produce for which Warrants were issued	Amounts Borrowed	Total Value of Produce for which Warrants were issued	Amounts Borrowed	Total Value of Produce for which Warrants were issued	Amounts Borrowed
	10	11	12	13	14	15	16	17
Agen	1,446,063	—	108,633	—	388,320	—	203,770	—
Aix	44,000	19,850	31,000	19,500	110,200	44,700	39,360	28,660
Amiens	3,110,304	—	—	—	211,973	189,039	—	—
Angers	386,210	184,689	—	—	—	—	—	—
Arles	—	—	—	—	—	—	94,000	—
Besancon	7,487,464	—	—	—	—	—	—	—
Bordeaux	368,264	10,800	273,140	—	4,800	—	1,116,458	—
Bourges	53,345	—	—	—	—	—	195,900	—
Cen	1,546,017	—	—	—	—	—	19,500	—
Chambery	5,700	—	—	—	—	—	5,500	—
Dijon	19,700	—	4,000	—	—	—	—	—
Donai	647,166	—	—	—	316,196	—	309,820	—
Grenoble	637,766	—	—	—	—	—	—	—
Limoges	8,000	7,000	500	—	—	—	12,000	—
Lyon	149,300	—	7,350	—	79,080	—	11,460	—
Lyons	587,695	—	—	—	35,065,790	—	—	—
Mailly	35,740	—	—	—	—	—	—	—
Nancy	55,480	21,185	1,200	800	819,605	1,156,866	6,000	1,350
Nimes	238,960	—	—	—	578,932	—	—	—
Orleans	82,700	—	—	—	36,550	—	97,500	—
Pau	1,224,645	156,415	—	—	2,853,090	—	—	—
Reims	37,740	—	—	—	14,500	174,371	—	—
Rennes	25,600	—	—	—	—	—	—	—
Rouen	612,827	—	—	—	—	—	—	—
Paris	—	—	—	—	—	—	—	—
Toulouse	146,650	—	11,700	—	1,206,852	—	5,500	—
Total	18,831,657	400,937	439,513	20,100	162,211,407	3,316,966	2,205,562	29,410
Algeria	1,015,255	667,561	125,940	77,259	4,582,332	2,597,770	9,970,360	5,546,271

It will be seen from this that the use of agricultural warrants has become satisfactorily general in the districts of certain appeal courts and it is no less certain that the French farmer is not yet quite familiar with the use of this system of credit on pledge.

In many regions the farmers still hesitate to have recourse to this mode of credit, either because they have an imperfect knowledge of it, or are indisposed to go through all the formalities it entails. Others, chiefly tenant farmers and métayers, make little use of this method of borrowing, as it obliges them to inform their landlords of their position, when temporarily in difficulties. Finally and most of all, the creditors in most cases are indisposed to accept the security of a perishable pledge, the value of which may sometimes be uncertain, on account of the principles the Civil Code establishes in the case of personal estate, and notwithstanding the restrictions of the law of 1906.

All these reasons explain the often considerable disproportion observed between the amount of the loan granted on the warrant and the value of the security offered by the borrower. In fact the average proportion of the amount borrowed to the value of the pledge, in the whole of France, is no more than 45 $\frac{1}{2}$ %.

Nevertheless, the law of April 30th., 1906, if it has not yet had the wide application that might fairly have been expected, has, however, so far been fruitful in good results, especially as it has allowed many peasants, desirous of assuring the progress of their farms, to escape from the exaggerated claims of certain money lenders. The Agricultural Department leaves nothing undone in inciting its agents to make the most active propaganda in behalf of a mode of credit which may give the humblest field labourers an opportunity of obtaining all the money they require and offering their creditors the best possible security.

PORTUGAL.

WARRANTS IN PORTUGAL AND THE NEW REGULATIONS WITH REGARD TO THEM.

OFFICIAL SOURCES:

DECRETO COMMERCIAL (*Portuguese Commercial Code*), Lisbon, 1888.
LEI DE 10 DE MAIO DE 1907 (*Law of May 10th., 1907*).
DECRETO DE 27 DE JUNHO DE 1907 (*Decree of June 27th., 1907*).
LEI DE 18 DE SETEMBRO DE 1908 (*Law of September 18th., 1908*).
DECRETO DE 1 DE OUTUBRO DE 1908 (*Decree of October 1st., 1908*).
DIÁRIO DO GOVERNO", no. 158, July 9th., 1913.
DIÁRIO DO GOVERNO", no 261, November 7th., 1913.

OTHER SOURCES:

"AGRICULTURA TRANSMONTANA" (*Agriculture of Trás os Montes*), nos. 22, 23 and 24 of 1909.
"LEITIN DA ASSOCIAÇÃO CENTRAL DE AGRICULTURA PORTUGUEZA", fusionado com o "Portugali Agrícola" (*Bulletin of the Central Association of Portuguese Agriculture*, supplement *Agricultural Portugal*), Lisbon, 1907 to 1913.

§ 1. — A GLANCE AT THE LEGISLATION ANTERIOR TO THE DECREE OF NOVEMBER 7TH., 1913.

We shall not give a full history of the rôle warrants have played in Portugal. Although introduced in 1848, they were hardly utilised at all as means of credit. We shall, therefore, only briefly summarise the laws since previous to the Decree of November 7th., 1913 on general agricultural warehouses, of which we shall speak in another section.

Before the existing laws on warrants came into force, documents title transferable by means of endorsement were regulated by the Portuguese Commercial Code, Part. XIV. Book II (1), by the Decree of May

[1] Portuguese Commercial Code, Art. 408:

"On the receipt (*contencimento de deposito*) for produce and goods deposited in the General Agricultural Warehouses there shall be shown: (1) the name, profession and residence of the depositor; (2) the place of deposit; (3) the nature and quantity of the goods deposited, with all cautions necessary to establish their identity and value; (4) statement whether they have or have not paid all the taxes to which they may be liable and whether they are or are not insured.

§ 1st. To the receipt there shall be attached a warrant on which the same particulars shall be entered.

§ 2nd. The above document shall be extracted from a register, and the counterfoil kept in the archives of the establishment."

10th, 1907, completed by the Executive Regulations of June 27th, 1907 and by the amendments made therein by law of September 18th, 1907 and Decree of October 1st. of the same year. By the Decree of May 10th, 1907 and the Executive Regulations of June 27th, 1907, an amount of 180 *contos de reis* (900,000 francs) is placed on the Estimates of the Department of Public Works, Commerce, Industry and Agriculture, to meet deficits due to the discounting of warrants. These were issued for brandy and spirits of wine and were discounted by the General Deposit and Thrift Bank (a State Institution), or any establishment which would undertake the charge but the rate might not be more than 5 %. The term for discounting was one year, and, in exceptional cases, fixed by the Government, two years.

All suits in relation to warrants were dealt with by a special commission consisting of the President of the Central Market of Agricultural Produce and two other members, appointed, one by the Central Association of Portuguese Agriculture, and the other by the Commercial Association.

The various credit institutions having evinced the greatest reluctance to discount warrants, the Government authorized the General Deposit Bank to do it, up to the amount of 1,200 *contos de reis* (6,000,000 frs.) and in exceptional cases, up to 1,800 *contos* (9,000,000 frs.), after consultation with the Superior Board of Agriculture.

The warrants were discounted in the case of deposits in the General Warehouses of the Central Market for Agricultural Produce, up to the amount of 60 % of the value of the brandy and spirits of wine, at the rate of 2.50 *reis* (or 0.0131 frs.) per degree of alcohol, and in the case of deposits with private persons up to the amount of 50 % of the same value. But the second case was, however, quite exceptional.

In the first case 1 %, and in the second 2 %, per annum was deducted for insurance against commercial losses. Whoever presented warrants to be discounted undertook to sell the goods deposited at the rate of 2.50 *reis* (0.0131 frs.) per degree of alcohol, by the litre, as soon as the management of the Central Market of Agricultural Produce could sell at that price. When the depositor did not find buyers after discounting the warrant, and consequently was not in a position to pay at date of maturity, the Commission granted him a week's grace, on the expiration of which, it proceeded to sell the goods. The sale was not necessarily by auction, but might be conducted privately, provided the price offered was not less than 10 % of the shown in the special register. In case of loss, the Commission paid the difference, taking the money for the purpose from the special fund of 180 *contos* (900,000 frs.), but only in case the insurance was insufficient to cover the loss.

The law of 1908 and the executive regulations for its application introduced some slight modifications of the above system: authorization was given to discount warrants issued in the case of wine deposited in the warehouses of the wine societies and regional wine societies of co-operative form, as well as of the Winemaking Companies founded in accordance with

social laws (1), which are bound by their rules to receive their members' wine. Discount could be given up to the amount of 60 % of the value of alcohol in the wine, at the rate of 2.62 reis (0.0131 frs.) per degree of alcohol and by the litre. To meet any deficit due to the discounting of the warrants, an amount of 200 *contos de reis* (1,000,000 frs.) was entered on the estimates. It was thought that after the foundation of a "Winemaking Co-operative Society", issuing bonds at 5 % guaranteed by the State, and undertaking to have 150,000 hectolitres of wine always in stock, there would be no further need of warrants. In the same way, as it was thought that co-operative agricultural credit when once organized, would fully meet the requirements of the viticulturists, it was stipulated that the law on agricultural warrants should only remain in force up to the date of the promulgation of the proposed law on agricultural credit. Experience has, however, shown that the system of warrants must be continued, with slight alterations, notwithstanding that the State promoted the foundation of a Winemakers' Co-operative Society (2) with a capital of 10,000,000 (2,000 *contos de reis*) on December 2nd, 1908 and promulgated the law on Agricultural Credit on March 2nd, 1910 (3).

We have just referred to small amendments introduced into the law on warrants. It had in fact been found that only the General Deposit Bank (State institution) would undertake to discount the warrants, as private establishments found the rate of 5 % fixed by law too low (4); on the other hand, the large farmers almost alone benefited by the system of warrants, as is seen by the average amount of the loans being 5,500 frs. A reform was urgently needed. It has just been introduced in the Regulations of November 7th, 1913.

2 THE ORGANIZATION OF THE GENERAL AGRICULTURAL WAREHOUSES IN THE REGULATIONS OF NOVEMBER 7TH, 1913.

A law (no. 26) of July 28th, 1913 divided Portugal into three large Agricultural Divisions, for each of which there is an Agricultural Services Department, a Forestry Services Department and a Livestock Department. In each division, again, there are *sections*, managed by three sectional chiefs.

In accordance with the Regulations of November 7th, 1913, a General Agricultural Warehouse has been established for each of the three Agricultural Services Departments, for the reception of agricultural produce, machinery, agricultural machinery and implements, whether as a *commercial deposit*, that is for some commercial object realised by the warehouse it-

(1) See *Bulletin of Economic and Social Intelligence*, no. 2. October-November, 1910, p. 192.

(2) See *Bulletin of Economic and Social Intelligence*, no. 2. October-November, 1910, p. 195.

(3) See *Bulletin of Economic and Social Intelligence* no. 5. May, 1911, p. 201.

(4) See *Bulletin of Economic and Social Intelligence*, no. 2. October-November, 1910, 1911 and No. 10. October, 1913, p. 70.

self, or for *general warehouse purposes*, when the goods are deposited as security for documents of title transferable by means of endorsement, called receipts or warrants, under the conditions stipulated in Part XIV, Book II of the Commercial Code. The warehouses may, in addition, undertake transport and delivery of the goods deposited, as well as their insurance and sale.

The goods that may be received as *commercial deposits* are grain, wine, olive oil, cork, wool, manure and agricultural machinery. For *general warehouse purposes*, grain, spirits, brandy, cork and wool may be accepted. The Government may also authorize deposit of other articles. In the case of perishables, it is for the depositors to take the measures considered necessary for their preservation. If need be, these measures are taken by the warehouse itself at the expense of the depositor, unless he withdraws his goods.

The depositors are bound to insure their goods for the amount of their real value and transfer the advantages of the contract to the board of management of the General Agricultural Warehouse. On its side, the board of the Warehouse is liable for damage caused by its employees, whether through carelessness or mistake. For the purpose, an amount of 3 *contos de reis* (or 15,000 frs.) for each General Agricultural Warehouse is entered on the Estimates of the Fomento Department.

The goods in deposit are undistrainable, unless the receipt or warrant is lost, except in cases of bankruptcy or disputed succession.

The Depositors may ask the General Warehouse for receipt and warrant. The receipts are signed by the Manager and the employee in charge of the General Warehouse and bear consecutive numbers, together with indication of the name, condition and profession of the depositor, the date and registered number of the deposit, its nature and amount and any other particulars necessary for its identification and valuation (number, nature, weight, volume etc.) as well as the amount for which it is insured.

The receipt and warrant, as above stated, are transferable by means of endorsement. This endorsement transfers the ownership of the goods deposited, when both the receipt and warrant are covered by it; but only the transfer of the rights of the bearer of the warrant, when the endorsement only refers to the receipt; and if it only refers to the warrant, it transfers to the person to whom it is endorsed the right conferred by pledge. The receipt and warrant may be both endorsed informally; by such endorsement the rights of the endorser are transferred to the bearer.

The first endorsement of the warrant must mention the amount of the credit guaranteed, the rate of interest and the date of maturity. The endorsement must besides, be registered, in a special book, kept in the General Warehouse, with indication of the amounts due for warehouse charges etc.

The bearer of the receipt may withdraw all or part of the goods, even before the expiration of the term of the credit guaranteed by the warrant. He may even sell them for his own advantage, provided he pays the warehouse the amount mentioned in the warrant, together with interest.

The bearer of the warrant who is not paid on date of maturity may have protested, as in the case of a bill of exchange. Ten days after the protest the goods deposited may be sold at auction.

Before date of maturity of the warrant, the bearer may discount it, not only at the General Deposit and Thrift Bank, but also at the Mutual Agricultural Credit Banks (1) founded in conformity with the law of March 31st, 1912. The discount may not, however, exceed 50 % of the value of the goods deposited. In contrast with previous legislation, the new law attempts, as we see, to render the warrants negotiable.

Let us add that the minimum term for discount is three months and the maximum one year. In case the goods suffer depreciation which might reduce the realisable value anticipated by more than 20 %, the depositor must make an additional deposit. The goods are sold by auction or by private arrangement, but in any case, by an *official broker* employed only at the warehouse and appointed by the Government, or, if need be, by a *sales agent*.

Sales by private contract are made by means of samples altogether corresponding with the goods deposited and, if need be, subjected to analysis and carefully classified.

Sales by auction must be advertised five days in advance in the most widely circulating paper of the district of the General Warehouse and, in addition, posted at the door of the establishment. These advertisements and placards must state the nature and quantity of the goods, the weight and volume of each lot and the conditions for payment and delivery. In the case of sales on account of failure to pay, the advertisements must also be inserted in the *Diário do Governo*. Finally, two days before the auction, the goods must be exhibited. As the auction proceeds, the official broker or the sales agent enters in a special register the number of the lots dealt with, their volume and weight, the names and addresses of the seller and buyer and the price. The latter is paid over to the seller within forty-eight hours, after deduction of all costs and charges.

The revenue of the General Agricultural Warehouses is made up of
1st., a commission of $\frac{1}{4}$ *real* (0.00125 frs.) per kilogram warehoused;
2nd., a warehouse charge, varying according as the goods remain exposed or have to be brought under cover. The minimum charge is fixed by the Government at the suggestion of the Technical Agricultural Councils of which we shall presently speak;

3rd., a charge for custody, fixed the same way;
4th., 5 % brokerage on the amount of the insurance premium;
5th., various charges; 50 reis (25 cent.) for registration on deposit and withdrawal; 150 reis (75 cent.) for each receipt and warrant; 350 reis (1 fr. 75) for sampling etc.

In each of the three Agricultural Divisions of Portugal there is a Technical Council composed of the three managers and the various sectional chiefs. Its duty is to supervise the General Agricultural Warehouse of

(1) See *Bulletin of Economic and Social Intelligence*, N. 10, October 1913, p. 70.

the Division, give advice as to its organization and act as a court of first instance in the case of law suits between the depositors and the Warehouse. It may also collect samples of the produce of the region in order to send them to the national and foreign markets, make experiments in agriculture and in the industrial arts, propose to Government, through the medium of the General Department of Agriculture, the measures it judges advisable for the improvement and the increase of production and the development of the trade in the agricultural produce of the region.

As far as the General Warehouse is concerned, the powers of the Council are delegated to the Head of the Agricultural Commercial Development Service, the real manager of the warehouse.

The three *General Warehouses* now existing may found branches in the various agricultural sections when they judge it necessary or advisable. These branches will be managed by a Council of Delegates, consisting of an Agricultural Delegate, a farmer and a merchant, elected by the Regional Chambers of Agriculture of the region.

ROUMANIA.

MISCELLANEOUS NEWS.

PEOPLE'S BANKS. — The two greatest defects with which the Roumanian peasant is continually charged (and with which most of the farmers in many other countries might also be taxed) are ignorance and thriftlessness. Only the Transylvanian Roumanian, living in contact with other races, is at all economical. The Roumanian of Wallachia and Moldavia does not save; his expenditure is equal to his revenue, if indeed he does not raise money on the security of his future labour.

Under these conditions it is a pleasure to see how the spirit of economy and association is gradually developing, above all through the work of the co-operative societies and people's banks. In the *Annuaire des Banques Populaires et des Sociétés Coopératives de Roumanie* (Yearbook of the People's Banks and Rural Co-operative Societies for 1911), we find a real balance sheet of the Roumanian agricultural credit co-operative societies. From this we see clearly that economy, a potent element of civilization is making progress year by year, as the statesmen foresaw it would who encouraged the foundation of the People's Banks and the various co-operative societies.

The following table shows the progressive advance of these institutions between September 1st., 1902 and December 31st., 1911:

Dates	Number of Banks	Number of Members	Nominal Capital — Lei	Paid up Capital — Lei	Deposits at Interest — Lei
September 1st., 1902 . . .	700	59,618	"	4,250,600	"
September 1st., 1904 . . .	1,625	121,786	10,086,021	6,850,977	2,431,213
September 31st., 1905 . . .	1,849	198,411	16,781,096	12,665,825	2,512,520
" 1906 . . .	2,021	240,253	20,350,895	18,509,520	3,579,216
" 1907 . . .	2,223	295,325	27,431,196	27,546,241	5,052,301
" 1908 . . .	2,410	346,707	35,072,260	37,851,898	6,158,745
" 1909 . . .	2,543	402,938	42,775,313	49,034,211	7,910,579
" 1910 . . .	2,656	454,187	52,724,875	61,016,395	9,388,681
" 1911 . . .	2,750	510,118	64,512,170	79,592,265	13,257,020

The advance made in 10 years is therefore really considerable. Of the 510,118 members at the end of 1911, 463,795, that is more than 90 % were farmers, 9,253 were dealers, 3,823 priests and 4,801 schoolmasters. Of the whole number of members, 48.86 % were illiterate.

Let us give a few figures showing the distribution of the paid up capital:

		Belonging to members who had paid up			
Lei	7,312,486.15 or	9.19 %	2-50	Lei	
"	6,050,063.53 "	7.60 "	50-100	"	
"	8,388,796.55 "	10.54 "	100-200	"	
"	12,904,354.93 "	16.21 "	200-500	"	
"	12,211,109.10 "	15.34 "	500-1,000	"	
"	13,259,174.34 "	16.66 "	1,000-2,000	"	
"	19,466,280.83 "	24.46 "	2,000-5,000	"	
Lei	79,592,265.52	100.00 %			

The members were divided as follows in regard to their paid up shares:

289,089 members, or 56.67 %	with a capital of	2-50 Lei
85,240 "	16.71 "	50-100
59,960 "	11.75 "	100-200
41,816 "	8.20 "	200-500
18,031 "	3.53 "	500-1,000
10,001 "	1.96 "	1,000-2,000
5,981 "	1.18 "	2,000-5,000
Total 510,118	100.00 %	

When the law on the People's Banks had to be amended, divergence arose, based on the assertion that the capital, instead of belonging to the more needy peasants, really belonged to the rich farmers of the village. Now, if this assertion appears partly true as regards the paid up capital, 21.12 % of which belongs to members who have contributed more than 1,000 lei, it is seen to be no longer so when we consider that 85 % of the members have contributed less than 200 lei. The numerical preponderance of less well to do members is therefore such that these banks may be considered as institutions really popular in character.

The total number of loans granted was 688,545 for a total of about 101,000,000 lei. Of these loans, 237,196, for an amount of 52,600,000 lei, were granted for purchase of livestock or agricultural implements; while 95,319, for a total amount of about 21,000,000 lei, were granted for purchase of farms.

The above mentioned *Yearbook* provides some interesting information with regard to the special form of collective farms known in Roumania under the name of *obste*. It is well known that these associations have made considerable progress as a result of the law of 1903 introduced by Take Iotopopescu. Their progress is a great benefit for the national agricultural economy, since, besides being able to a large extent to meet the need the Roumanian peasant feels so deeply of having a farm to cultivate himself, has also the immense advantage, that it gradually eliminates the class of tenant farmers, who have always been a real obstacle to good relations between the landowners and the peasants.

On September 30th., 1912 there were in Roumania 487 associations of this character, with 66,170 members occupying 309,922 ha. In the year 1911 alone, 168 new *obstii* were formed with more than 23,000 members, having at their disposal about 2,500,000 lei as guarantee for the lease of 158,000 ctars of a rental value of more than 6,500,000 lei.

But, if we consider the *obstii* from the point of view of the ownership of the farms leased, we shall see that the proportion leased from private landowners is continually increasing. For example, we find that 169 *obstii* are on hire 123,000 ha. from private owners and pay a rent of 4,300,000 lei. Besides this, 80 *obstii* hold 52,000 ha. belonging to the State and pay a rent of 1,000,000 lei; other 67 *obstii* have 83,500 ha. on hire from the trustees of the Civil Hospitals, and pay a rent of about 3,000,000 lei.

Finally, according to the last statistics, we may say, that, contrary to the assertions of certain detractors of the *obstii*, the produce of the farms of these associations is quite as good as those of the large private landowners.

(Summarised from the *Revista Economică și Financiară* of Bukarest, September 5th./18th., 1913, No. 453).

RUSSIA.

POPULAR CREDIT IN RUSSIA.

by M. N. SCHÉRÉMÉTIEFF, Inspector of Popular Credit at Moscow.

OFFICIAL SOURCES :

IMPERIAL ORDER OF 20/7 JUNE, 1904 ON POPULAR CREDIT INSTITUTIONS.
PUBLICATIONS OF THE PEOPLE'S BANKS DEPARTMENT, FOR THE YEARS 1904-1910.
LE MESSENGER DU CRÉDIT POPULAIRE (*Popular Credit Messenger*). Weekly Review of the
People's Banks Department, published at St. Petersburg: Year 1912, No. 29 and
Year 1913, Nos. 36 and 37.

In the last few years popular credit has made considerable progress in Russia. There are several forms of institutions in the country for it:

(a) institutions of old type, founded especially for particular classes of the population (peasants, cosacks etc.).

(b) institutions of new type, of purely co-operative character. Among these latter there may be distinguished *co-operative credit societies* and *loan and savings co-operative societies*. According to the regulations of 1905, there is only this difference between the two forms: in the loan and savings co-operative societies each member must take a share, which is not necessary in the credit co-operative societies. But the amount of these shares is, as a rule, very small, seldom exceeding ten roubles and again they may be liberated gradually in instalments in the course of a number of years. On January 1st., 1911, the number of the institutions of old type was 4,809; they have no importance for the economic life of the country. Although their balance sheets show a total of 74,846,937 roubles, the societies are in liquidation and often they no longer exist except on paper.

On the other hand, the co-operative institutions are very prosperous: their number increases from year to year and their business is progressing.

from the statistics published by the People's Banks Department, we may reduce the following figures :

Year	Number of Credit Co-operative Societies	Number of Members	Total shown on Balance Sheets in Thousands of Roubles
1903	1,136	447,058	49,684
1904	1,367	550,940	57,299
1905	1,630	729,107	68,079
1906	2,085	927,315	80,745
1907	3,081	1,383,669	106,361
1908	4,165	1,943,253	132,610
1909	5,391	2,610,564	172,449
1910	6,679	3,446,158	238,922
1911	8,420	4,682,096	342,590
1912	11,004	6,594,035	469,450
1913	12,237	7,632,777	609,837

It is seen from these figures that co-operative credit is making great progress in Russia and perhaps it is advancing there faster than in any other country. What must above all strike the reader is the number of members, which will soon be 8,000,000.

Co-operative credit in Russia presents several characteristic features of a certain interest.

The Government has contributed to a very large extent to the progress of the co-operative societies of the Empire. By the order of June 7th., 1904, the management and inspection of all the popular credit institutions was entrusted to the People's Banks Department, dependent on the State Bank.

The State Bank has placed unlimited amounts at the disposal of this department, which, up to September 15th. last, had lent 12,469 co-operative credit institutions the amount of 192,606,300 roubles and 5,550 other co-operative popular credit institutions the amount of 21,533,900 roubles.

The People's Banks Department disposes of the services of more than 200 inspectors in the various regions of the Empire. These not only inspect the popular credit institutions, but also occupy themselves with co-operative instruction and the stimulation of private initiative.

They are also bound to attend the general meetings of the associations and advise them in difficult matters.

The popular credit inspectors have considerably assisted in the development of this form of credit in Russia. There are amongst them many graduates of the universities of the Empire, who are excellent guides and teachers for the rural population, amongst whom the want of educated men is painfully apparent.

Twice a year (on January 1st. and July 1st.), all the inspectors must report on the situation of the co-operative societies in the districts entrusted to them.

We reproduce below a table showing the total debits and credits of 12,237 popular credit co-operative institutions on July 1st., 1913.

	Thousands of Roubles	%
<i>Debits :</i>		
Share Capital	79,498	13.0
Loans from the State Bank	111,678	18.3
Loans from Other Institutions	386,390	63.4
Miscellaneous	32,271	5.3
Total	609,837	100.0
<i>Credits :</i>		
Cash, Amounts invested in Credit Institutions and Documents of Title	54,326	8.9
Loans	519,101	85.1
Miscellaneous	36,410	6
Total	609,837	100.0

As we see, the Government has lent the credit co-operative societies more than 100,000,000 roubles.

What is still more characteristic of the credit co-operative societies in Russia is the large number of members in the societies; on January 1st., 1911, the average number per society was 556; on January 1st., 1913, 599; and on July 1st, 1913 it had increased to 607. This is because the Russian co-operative society does not limit its business to one village alone (as the German societies do); the Russian societies are obliged to extend their action to immense districts often inhabited by more than a thousand families.

Let us add that the average indebtedness of each member is very low; the average loan per member was on January 1st., 1913 only 62 roubles.

The rate of interest the societies charge is very high; in those newly founded it is usually as much as 12%; the lowest rate charged is 10% after three or four years of work. This is due to the scarcity of money in Russia.

The rate of discount the State Bank charges the popular credit institutions is 6%.

The interest paid by the co-operative societies on deposits is as a rule between 5 and 8 %.

The rate of interest on loans is certainly very high; yet it must not be forgotten that the peasants, long oppressed by usurers, all the same find it to their advantage, as is witnessed by their resorting to the co-operative societies in ever greater number.

Besides the popular credit co-operative institutions and the popular credit organizations of old type, there are also in Russia the *Zemstvo credit banks*, a detailed account of which was given in the number of this Bulletin for September, 1912.

The Zemstvo Banks are central organizations for granting credit to the co-operative societies. Among these banks some also lend to private individuals, but this extension of their sphere of action has not failed to arouse serious objections. On January 1st., 1912 there were 107 of these banks which showed on their balance sheets a total of 26,956,000 roubles.

Part IV: Miscellaneous

ARGENTINA.

MISCELLANEOUS NEWS.

THE EXTENSION OF HOME COLONISATION. — As we have had occasion to observe in former articles in this Bulletin (1), the chief problem of Argentine agricultural economics has always been that of colonisation: the subdivision of farms, the establishment of the colonist on the land cultivates, in one word, the increase of the numbers in the phalanx of peasant farmers.

The governing classes understand that the extraordinary development of agricultural production in the last twenty years is rather due to progressive exploitation of new territories than to a continuous work of colonisation and a land regime such as might ensure the prosperity of agriculture together with the welfare of the farmers. One of the chief causes of the agrarian agitations to be deplored in the principal agricultural tracts of the Republic is to be found, writes the Minister of Agriculture in an official document, in the fact that the very great majority of the Argentine farmers are tenant farmers or metayers on land owned by private individuals or colonisation undertakings. In recent times we have seen the Government and Parliament, therefore, devoting themselves with renewed vigor to the study of the best means for encouraging the development of agricultural holdings and seconding it by the encouragement of co-operative association (2). Several bills on the subject are awaiting discussion; we shall here give a short account of an important one introduced by the Government and a law recently passed in the Province of Cordoba.

(1) See especially, in the number for October, 1913, the article "Some Indications of Economic and Agricultural Progress of Argentina."

(2) With regard to co-operation, see the article "The Co-operative Movement in Argentine Agriculture", in the number of this Bulletin for December, 1913.

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I. — **BILL FOR AGRICULTURAL COLONIZATION PRESENTED BY THE MINISTER OF AGRICULTURE, THE HON. SEÑOR MUJICA (JULY, 1913).** — In order to attain the ends it aims at, that is to say the subdivision and sale of land suited for agricultural colonies, the Government Bill makes appeal in three quarters for contributions, to the State, the large landowners and the railway companies. It is greatly to the interest of both the landowners and the railway companies to unite in the solution of the problem. It is necessary also for the Government to intervene to facilitate for the proprietor the work of subdivision of the land and its sale in lots and to guarantee the seller the purchase price and the purchaser a convenient system of payment. With this object, the Bill proposes that the National Mortgage Bank should intervene (1). As far as the railway companies are concerned their colonising action finds an incentive in the power that has been accorded to the Government of expropriating in their behalf the land along the lines of railways, to be afterwards allotted to colonists without an immediate gain to the companies. Finally, direct colonisation by the State meets an immediate need in the more intensely cultivated and more populous districts, and in those where the existing system of land contract foments trouble between the proprietors and colonists. Let us now examine more closely the bearing of the bill.

State Colonisation. — It is first of all proposed that the Executive Authorities should acquire 5,000 hectares of good land by means of purchase, when land held by co-heirs is sold at auction or by means of expropriation, in each of the following provinces, Buenos Aires, Santa Fé, Entre Rios, and Cordoba, belonging to the most fertile and wealthiest part called the *grain region* (2). The land acquired in this way must not be more than 10 kms. from a railway station and must be divided into lots of not more than 40 hectares in the first two of these provinces nor 80 in the others, and must be granted to the colonists at cost price increased by the amount of expenses incurred. Payment of 10 % must be made at once, the remainder in fifteen annual instalments with interest at 7 %. In allotting the holdings, preference must be given to farmers and agriculturists, these to those resident in the nearest district, and, among these again, to native or naturalized citizens with the largest number of children, who are Argentine subjects. In no case, may more than one holding be allotted to a single person. Each purchaser shall be obliged to occupy and cultivate his holding himself for the first five years, under penalty of annulment of contract and loss of the instalments paid. During the whole period the holding acquired in this way is only transferable by inheritance.

(1) With regard to the nature and work of this Institute, see the number of this Bulletin for January, 1914.

(2) See the article mentioned above in the number of this Bulletin for October, 1913.

For the carrying out of this programme by the Executive Authorities maximum expenditure of 8,000,000 pesos (17,600,000 frs.) is authorized, which will be made good by means of the instalments paid by the purchasers. This expenditure shall be met out of the ordinary funds for which provision is made in the Budget. In case of their being insufficient, recourse may be had to credit.

Private Colonisation with Intervention of the National Mortgage Bank. — Individual landowners or colonisation societies that, in terms of the present law, subdivide farms in order to sell them, in small holdings, may request the National Mortgage Bank for a special loan for each lot, when they have presented their plan of subdivision. In case of good land, supplied with water and not more than 20 km. from a railway station, the Bank will grant loans up to 80 % of the estimated value of the holdings which do not exceed 30 hectares in area, and up to 70 % when the area is from 30 to 80 hectares, always provided the estimated value of the lots is less than 10,000 pesos. In case of lots of larger area, the ordinary percentage will be given. The proprietor of the land cannot receive the amount immediately the loan is granted, but the Bank is bound for one year to grant loans to possible purchasers, gradually as the sales are arranged, always provided the purchasers have fulfilled the following conditions, i.e., they must not have purchased more than one holding, nor owe the Bank for more than one; 2nd., they must have entered into possession of the holding for which the loan is made; 3rd., they must have paid the seller the difference between the price of the holding and the amount of the loan granted. At the moment of the issuing of the loan, the seller shall receive the amount as part of the price in the presence of the purchaser.

Also in this case the obligation is imposed on the latter of living on the farm and cultivating it: severe penalties are imposed on anyone simulating the sale of lots with the object of obtaining for himself the loans to purchasers authorized by this law.

Colonisation Carried out by Railway Companies. — The Executive Authorities are authorized to deal with the railway companies formed or to be formed in reference to the colonisation of land suited for agriculture along the railway lines and within 10 kms from them.

The Government may expropriate this land, provided always that the area is not less than 5,000 hectares and at least $\frac{2}{3}$ are under cultivation.

The undertaking, in accordance with Government Order, must deposit the amount for the expropriation to be made: after the expropriation, the land shall be registered in the name of the contracting undertaking on payment of the corresponding amount. The company shall be bound immediately to divide the land into lots of not more than 100 hectares, which shall be offered for sale on the same conditions as established by this law for State Colonisation. The undertaking, however, when once the land is subdivided, may ask the National Mortgage Bank for a loan in bonds of not more than 60 % of the estimated value of each

holding. The loan will become effective gradually with the sale of the lots. The purchaser must make himself responsible for the mortgage loan and the balance of the price shall be paid in ten instalments with interest at 7 %. As regards this balance, the undertaking shall be guaranteed by a second mortgage on the land sold.

General Provisions. — The draft law, in order to consolidate the small farms thus formed, provides that for the first ten years no writ of execution shall have force in regard to holdings of less than 80 ha. and they shall be undistrainable. The same provision shall apply in the case of the farm implements, machinery, livestock for farm use, seeds etc, as well as to furniture of common use. Special fiscal exemptions shall, finally, be granted in the case of the various legal deeds.

(Summarised from the Bulletin of the Agricultural Department, August, September, 1917)

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2. — A COLONISATION LAW FOR THE PROVINCE OF CORDOBA. — The Parliament of the Province of Cordoba has recently passed a bill for the encouragement of agricultural colonisation, by means of State intervention. The Executive Authorities are authorized to acquire, by means of purchase at auction or expropriation, 2,500 hectares of first quality land and 200 hectares of irrigated land on condition of its not being more than 10 kms. from a railway station.

As a result of expropriation, this land is declared to be of public utility. The land of the first class must be cultivated with grain and will be subdivided into holdings of 25 hectares each; that of the second class will be divided into 5 hectare lots and planted with fruit trees.

In no case, may anyone acquire more than 100 hectares of grain land nor more than 15 ha. of irrigated land.

Professional farmers shall have, the, preference, and among those such as reside in the neighbourhood, are citizens of Argentina, and have the largest number of children.

The land will be sold at cost price, increased by the amount of expenditure incurred; the purchaser shall pay 10 % at once, the balance in 15 monthly instalments, together with 7 % a year on the balance due: payment of the instalments may also be made in advance. The purchase contract, is final, but the land remains mortgaged until the price is paid in full.

Within five years from the passing of the contract, the purchaser must have brought the land under cultivation: he must live on the land and cultivate it himself. If he does not fulfil the above conditions, the sale is void and the land reverts to the State: the colonist loses the instalments and interest paid and has no right to any compensation.

The land in question is exempt from Government taxes for 15 years during all that time no writ of execution can be enforced against it.

shall it be distrainable etc. and the same applies to the seeds, machinery, stock etc.

The proprietor or the capitalistic undertaking may enjoy the benefits of the law, on condition of conforming to the provisions contained in it. The undertaking shall have the right to reserve to itself the third part of the land intended for colonisation, in order to sell it when and how it pleases. The Executive Authorities may take over 20 % of the land purchased by the undertaking, granting it a corresponding number of provincial bonds, redeemable in 15 years at 6 %. The produce of the land acquired by the treasury in the above proportion shall be exclusively reserved for payment of interest and redemption of bonds.

The Executive Authorities are authorized to utilise for the purpose of carrying out the law the revenue from taxes on threshing machines, sowing machines etc. as well as the purchase price of the holdings.

(Summarised from the *Gaceta Rural*, Buenos-Aires, October, 1913).

BELGIUM.

REPORT OF THE " COMMISSION FOR THE CULTIVATION OF WASTE LAND," AND THE MEASURES PROPOSED FOR THE CONSIDERATION OF THE GOVERNMENT.

SOURCES:

COMMISSION DE LA MISE EN VALEUR DES TERRES INCULTES: Rapport général (*Commission for the Cultivation of Waste Land: General Report*). Department of Agriculture and Public Works: Rural Office: Reports and Communications; no. 6. Brussels. Printed by M. Weissenbruch. 1913.

§ 1. ORIGIN AND OFFICE OF THE COMMISSION.

In the number of this Bulletin for February, 1913, the subject of the rise in price of food stuffs, and especially of meat, in Belgium, was fully examined. This is one of the problems most urgently demanding solution to-day and there is not a single country in which it has not presented itself in recent years.

Much has been written about its causes, which are certainly complex but the principal seems to be that production does not keep pace with consumption, which has considerably increased, not merely in industrial but also in agricultural centres.

In Belgium the crisis became acute in 1911, owing to drought and thus fever which seriously affected agricultural production and especially animal produce.

In the summer the markets were disturbed by the so-called "butte riots" and the lively protests of the consumers.

In view of these events, political bodies, associations and private students have turned their attention to the problem, in search of adequate remedies.

The important subject was also dealt with in the Chamber of Representatives, in consequence of certain questions presented in various sessions in January, 1911. The debate was almost exclusively on the subject of the high price of meat, and closed with the approval of a resolution, presented by M. Hellequette, expressing confidence in the measures the Government

ment undertook to adopt in regard to the food supply of the working class, for ensuring public health and increasing agricultural production.

However, towards the end of the year, the Government instituted a commission, called "The Butchers' Meat Commission", for the reorganization of the trade in horned cattle and butchers' meat, in the interest both of consumers and producers. The "Central Belgian Agricultural Society," or its part, began studying the subject of the rise in price of food stuffs generally and instituted a diligent enquiry.

Now the reader will remember that one of the principal conclusions arrived at by this society, in view of the general increase of consumption, was the necessity of intensifying production to the greatest extent and by every means possible. And the *Butchers' Meat Commission* also arrived at a similar conclusion, proposing to increase the area of the country under cultivation by means of the transformation of the moors and heaths into arable land and meadows, and also proposing the grant of subsidies to stimulate undertakings for the purpose on the part of public or private institutions, as, for example, the foundation of a society like the *Heideontginningsmaatschappij* of Holland, "capable of undertaking on a large scale the clearing and cultivation of moors and heaths for the account of the communes and of individuals, under the supervision of the State and guaranteed by it".

Precisely to accelerate the cultivation of this land and to harmonize public and private action for the purpose, by Decree of September 5th, 1912, the Government instituted a special commission to study measures that may contribute to the solution of the above problem and to propose their realization to the competent authorities.

Twenty five persons were appointed to form part of this Commission, chosen from among various classes, public officials, professors of economics, landed proprietors etc. Amongst others, let us mention M. De Vuyst, General Manager of the Rural Bureau; M. Schreiber, General Manager of Agriculture; M. De Marneffe, General Inspector of Waters and Forests; I. Maertens, General Manager of Communal Roads; and M. Tihbaut, president of the Superior Council of Agriculture, who was appointed President of the Commission.

Numerous and interesting preparatory reports were drafted by the various members and submitted for discussion; finally, a recently published general report summarises the work of the Commission and its conclusions. From these documents we have derived the facts and figures for the present article.

§ 2. THE AREA UNCULTIVATED IN BELGIUM.

The general agricultural census of 1895 (the work in connection with it of 1910 is not yet terminated) showed that at that date there were in the whole kingdom 169,329 hectares of uncultivated land, 104,365 of it belonging to private owners and 64,964 ha. to the State, the Communes and other public institutions.

On the other hand, the report of a Commission, instituted in 1900 for the study of the Campine from the point of view of forestry, informs us that the two provinces of Antwerp and Limburg at that date had altogether 77,000 hectares of heath land, 40,000 of which were owned by private individuals. To this must be added, in the opinion of the same Commission, the area of all forests that are badly regulated and impoverished, infested with insects and fated to become moorland, unless steps are at once taken to restore the fertility of the soil. The Commission therefore held there was no exaggeration in estimating at 140,000 ha. the total area of the land to be improved and cultivated scientifically in the Campine district. Considering, however, that all this area could not for economic reasons be converted into fields and meadows, the commission came to the conclusion that, of the above 140,000 ha., at least 50,000 could be with advantage utilised for agriculture.

Statistics are wanting in the case of the other provinces, but it is calculated that there are today in Belgium more than 100,000 hectares that might be transformed into arable and meadow land, without counting all the land that might be rendered more productive by means of works of agricultural improvement and especially by drainage.

§ 3. PROPOSALS IN REGARD TO THE ROAD SYSTEM AND THE REGULATION OF WATERS.

The cultivation of farms first of all calls for the construction of roads and a system of drainage. Extensive moors and heaths are in fact only abandoned on account of the want of roads. Almost always the mere opening of a suitable road is enough to promote the clearing of the land and the erection of the first rural buildings. It is therefore urgent, observe the report above mentioned, to request the public authorities to make the roads indispensable for the work of drainage and chiefly the large roads giving means of access, when considerable areas have to be cleared.

When this duty is entrusted to the communes, the State and the provinces should grant them subsidies and special facilities.

But if it is desirable to stimulate public action for the purpose, private action must not be abandoned, and therefore, the Commission, considering that, under the existing Belgian laws, no form of society would lend itself to the constitution of road making consortiums amongst private individuals, proposes the passing of a special law to authorize the landowners to associate for the construction and maintenance of rural roads, granting such consortiums rights and privileges analogous to those of the *Wateringues*. These latter are associations formed for the drainage of marshy land and enjoy important privileges; indeed, not only have they civil personality, but they have the character of public administrations, that is, they are real public authorities which, within the limits of their powers and of their districts, may appropriate, impose direct taxes, publish special police regulations etc.

As regards the regulation of the water supply, which is of capital importance for the subject under consideration, the Commission holds

at not only the owners of land on the banks of rivers but all the inhabitants of a commune or a region are interested in the good regulation of the watercourses, both for economic reasons and for reasons of health, expresses its desire for a stricter and more extended system of drainage.

§ 4. CONCLUSIONS AND PROPOSALS FOR THE CULTIVATION OF COMMUNAL WASTE LAND.

As a result of the provisions of the law of March 25th., 1847 on the clearing of waste land belonging to communes, the greater part of such land was granted to private individuals, under the condition of their cultivating it as arable land or forest land, and a very small portion was cultivated by the communes themselves directly.

The law was intended in this way to promote the rapid disappearance of waste land and the most practical means to this end seemed to be the conversion of public land into private property. But the end was not attained. The sale of land on a large scale favoured the wholesale purchase of communal land by private individuals who kept it uncultivated, without improving it in any way.

Certainly the conditions under which drainage may be carried out vary somewhat according as the land is situated in the Ardennes or in the Campine. And indeed, whilst in the Ardennes it is comparatively easy and remunerative from the beginning, it is rather difficult in the Campine and requires much capital and it is long before it gives a return.

In regard to the Ardennes district, where the land is usually cultivated by residents of the district who take the farms on lease and work them, while the land remains the property of the communes, the Commission proposes that the land still available may be cultivated in this way, special privileges being granted to the poorer members of the commune and subletting of holdings being forbidden. It is proposed that communes averse to this should be obliged to let out parcels of not more than one hectare at an agreed price, to the poorer members of the commune at their request. It is proposed further that copsewood yielding little be cleared.

In the case of the Campine, the Commission advises that facilities be given to the Communes to arrange long leases, allowing the tenants to undertake work requiring time for its accomplishment and to erect the necessary buildings.

In the contract there should be a clause allowing of the purchase of land when drained or at least a clause recognising the right to compensation for improvements. It is also advisable to sell small holders parcels to be immediately cleared. Coercion might be had recourse to when communes show no intention of proceeding to clear their land on the above terms.

Finally, in regard to the whole kingdom, the Commission asks that the facilities needed for draining the land may be advanced to the communes at

low interest and that the work be carried out under the supervision of the competent officers. For the purpose, it suggests the appointment of a Commission, consisting of an employee of the Department of Waters and Forests, a Government agricultural engineer and a representative of the commune, who shall divide the communal land into three classes: 1st., land that can be profitably cultivated; 2nd., land unsuited for agriculture by its nature or its distance from inhabited centres, but capable of being cultivated as forest or in some other way; 3rd., land unsuited for any kind of cultivation.

The principal object of the Commission would of course be to collect information so as to hasten the carrying out of the works.

§ 5. CONCLUSIONS AND PROPOSALS FOR THE CULTIVATION OF WASTE LAND BELONGING TO PRIVATE OWNERS.

There is no doubt that the question of the cultivation of private land property is of still greater importance.

As we have seen, out of a total of 169,329 hectares of uncultivated land according to the Census Returns of 1895, 104,365 ha. belonged to private owners and 64,964 ha. to the State, the communes and other public institutions.

In the case of private land, the difficulties are certainly more serious. And in fact, in the first place, land tends to rise in value with the increase of manufactures in the Campine, for farms require a larger investment of capital. In the second place, labour, the most essential item in farming, is being more and more attracted to the centres of industrial production and is beginning to cost more and more.

It is held, on the other hand, that as a rule, the cultivation of waste land can only be entrusted to private enterprise, as, in this way alone, as read in the report, can immediate and permanent results be obtained and above all — it is said — the small land owner must be allowed the benefit of it: for the large landowner, the work of clearing is often a mere financial operation; for the small proprietor, it is on the other hand an occasion for saving and an urgent incentive to work. But for the purchase of a piece of land, the adequate preparation of the soil, its cultivation and the erection of the necessary buildings, considerable funds are required. How are they to be obtained? The Commission, adducing the example of what has already been done in Belgium in behalf of the Societies for the building of workmen's houses, proposes that the Government should intervene, — in this case also the undertaking is one of public utility — and lend the agricultural credit institutes at low interest the funds they require for the purchase and cultivation of the land, in addition to this, granting subsidies either by way of encouragement to small landowners who make definite tenders for the work, or by way of reward for the results already obtained. With the above loans on conditions of favour and the subsidies, there should also be granted special fiscal facilities and finally by means of lectures, practical lessons and prize competitions, a knowledge of the best systems of farming should be diffused.

Lastly, in respect to the encouragements to be given to the large landed proprietors, it was the opinion of the Commission that they must be limited to making and the improvement of roads and the supply of water and the improvement of the existing supply, and to the grant of the right to consult free of charge the various technical offices of the State (Agricultural hydraulic, Government Agricultural Engineering and Forestry Offices).

§ 6. SOCIETY FOR THE CULTIVATION OF WASTE LAND.

The utility of a special organization to promote and assist the various undertakings initiated for the clearance of moor and heath land does not need to be proved. Up to the present, these undertakings have been left exclusively to the individual owners of small and medium sized farms. Now it is evident that mere individual effort asks for too much time. Conceding of this, the Commission passed the following vote:

1. That a co-operative society may speedily be formed, with regional divisions, for the purposes of (a) studying and carrying out all works of clearing, farm improvement, the bringing of land under cultivation whether for agricultural or forestry purposes, rural buildings etc; (b) maintenance of the works carried out; (c) extension of pisciculture; (d) search for and employment of all means that may lead to the rapid and productive cultivation of waste land, such as drainage, irrigation, road construction etc.;

2. That the public authorities may encourage such a society, by grant of subventions for all its undertakings of public or collective interest;

3. Finally, that the officers of the proper departments of State (Agricultural Waters and Forests, Agricultural Hydraulics and Road Construction) may perform for this society and its members an office similar to that formed by the State agricultural engineers and forestry agents in the case of private individuals.

The reader will remember that shortly after the passing of this law a society of the kind was founded at Louvain on the initiative of some members of the Commission with which we are dealing; its organization was dealt with in the number of this Bulletin for August, 1913, pp. 24 et seqq.

Finally, as far as the Campine in particular is concerned, the Commission calls the attention of those concerned to the advantage that might be derived from contracts and the collective undertaking of work. An intermediary, a private contractor or society, might, that is to say, substitute the landowner and the whole work of clearing and bringing the land under cultivation might be carried out for private account and with private capital, the advantage consisting either in the use of the land for a length of time or in share in the produce or in the ownership.

If these undertakings are organized in such a way as really to guarantee the speedy bringing of the land under cultivation, the Commission considers that the Government will have every interest in encouraging their foundation, either with special subsidies or by the subscription of shares or again advances of money.

FRANCE.

THE RESULTS OF THE LAW ON UNDISTRAINABLE HOMESTEADS.

OFFICIAL, SOURCE :

REPORT made on December 29th., 1913 by the Minister of Agriculture to the President of the French Republic on the Results obtained up to the present by means of the Law of July 12th., 1909 for the Constitution of Undistrainable Homesteads.

The law of July 12th., 1909 introduced into France an institution of extreme social importance, authorizing the formation of what have long been known in the United States as *Homesteads*, the results of which have been found very satisfactory in all the countries in which trial has been made of the system in recent years.

This law, in fact, allows every small farmer to place beyond the possibility of expropriation and seizure a holding of a value not exceeding 8,000 francs, occupied and worked by his family and possibly consisting of a house or separate portion of a house, or of a house and land adjacent to it or near it.

So important a reform, conflicting in many ways with the ancient French law on obligations, and appreciably modifying the mode in which credit on land is granted and the security for it, and necessarily entailing the completion of a certain number of formalities on the part of those desirous of benefiting by it, was naturally bound in its application to encounter the difficulties usual in the case of laws involving important changes in the economic social order.

Thus the law on the formation of undistrainable homesteads is far from having led, amongst the people for whose benefit it was passed, who are still insufficiently enlightened in the matter, to the results that may justly be expected from an institution which, however, so exactly corresponds with the essentially individualistic tendencies of the small farmer and his affection for his land.

The Minister of Agriculture, however, considered that a few years would suffice to show the value and extent of the services rendered by this new law and the causes, if any, that might impede its suitable application on a large scale. He then proceeded to hold an enquiry, the results of which were communicated to the President of the Republic on December 29th. last.

This enquiry has shown that, since the promulgation of the law, 243 homesteads have been formed, 85 in towns and 158 in the country. They have been formed in 47 of the departments; the value of the holding seldom reaches the maximum laid down in the law and the average seems to be 5,000 or 5,000 frs.

The departments in which most homesteads have been formed are Seine-et-Oise, 12; Seine, 11; Seine-et-Marne, 9; Eure-et-Loir, 9; Aisne, 8; Meuse, 8.

It will be easy to form an idea of the distribution of the homesteads, up to the present formed, their number and average value in the various departments from the following table:

Departments	Number of Homesteads Formed	Character of Holdings		Average Value
		Urban	Rural	
ain	3	"	3	4,165
ienne	8	2	6	3,780
ier	2	"	2	5,000
ipes (Basses)	2	"	2	6,000
is (Hautes)	"	"	"	"
is-Maritimes	1	"	1	5,000
iche	3	"	3	5,375
immes	1	"	1	8,000
ige	"	"	"	"
ie	3	2	1	5,860
ie	2	"	2	5,700
iron	1	"	1	4,000
iches-du-Rhône	9	5	4	5,925
rades	1	"	1	2,800
tal	"	"	"	"
teute	4	"	4	6,500
route-Intérieure	5	"	5	2,865
r	1	1	"	4,000
rtise	1	"	1	7,000
sica	"	"	"	"
ed'Or	7	4	3	5,880
ns-du-Nord	"	"	"	"
me	2	"	2	4,800
rdogne	1	"	1	2,000
abs	2	"	2	5,000

Departments	Number of Homesteads Formed	Character of Holdings		Average Value
		Urban	Rural	
Drôme	3	1	2	6,830
Eure	6	2	4	6,770
Eure-et-Loir	9	5	4	4,440
Finistère	2	2	"	4,750
Gard	1	"	1	5,000
Garonne (Haute-)	8	7	1	5,500
Gers	2	"	2	5,500
Gironde	12	1	11	5,450
Hérault	"	"	"	"
Ile-et-Vilaine	3	1	2	5,665
Indre	"	"	"	"
Indre-et-Loire	2	"	2	6,635
Isère	2	1	1	6,500
Jura	1	"	1	6,700
Landes	3	2	1	3,400
Loir-et-Cher	"	"	"	"
Loire	"	"	"	"
Loire (Haute-)	2	"	2	3,500
Loire-Inférieure	3	1	2	4,965
Loiret	2	1	1	5,000
Lot	"	"	"	"
Lot-et-Garonne	"	"	"	"
Lozère	3	1	2	3,600
Maine-et-Loire	3	"	3	7,000
Manche	2	"	2	6,675
Marne	6	2	4	5,265
Marne (Haute-)	4	2	2	6,130
Mayenne	2	"	2	7,000
Meurthe-et-Moselle	3	1	2	6,000
Meuse	7	"	7	4,373
Morbihan	2	"	2	3,900
Nièvre	2	2	"	5,250
Nord	5	3	2	4,675
Oise	8	2	6	3,235
Orne	"	"	"	"

Departments	Number of Homesteads Formed	Character of Holdings		Average Value
		Urban	Rural	
as-de-Calais	4	1	3	2,675
ay-de-Dôme	"	"	"	"
prénées (Basses-)	1	"	1	6,000
prénées (Hautes-)	2	"	2	3,500
prénées-Orientales	1	1	"	5,500
hin (Haut-) (Belfort)	"	"	"	"
hône	1	"	1	8,000
ône (Haute-)	"	"	"	"
one-et-Loire	1	"	1	7,500
arthe	2	"	2	5,000
avoie	"	"	"	"
avoie (Haut-)	3	2	1	4,500
eine	11	6	5	5,745
eine-Inférieure	4	4	"	7,375
ne-et-Marne	9	5	4	4,790
ne-et-Oise	12	4	8	5,164
res (Deux-)	"	"	"	"
enne	6	1	5	5,815
en	5	4	1	5,500
en-et-Garonne	1	1	"	5,510
ir	3	"	3	6,000
uchuse	1	"	1	5,000
ndée	"	"	"	"
enne	2	"	2	5,140
enne (Haute-)	"	"	"	"
ogues	1	1	"	8,000
onne	6	4	2	4,360
Total	243	85	158	

Independently of this statistical information, the Minister also wished to know the causes, if any, contributing to arrest the progress of the institution of homesteads, as well as the amendments that must be made in the law in order to promote its extension.

On this subject, the chambers of notaries, consulted through the attorneys general of the various appeal courts, came to decisions embodied in the most interesting of the documents.

These bodies consider, generally, that still too often the persons who might benefit by it are unaware of the law; that it requires too many and too complicated formalities to be gone through and that above all the formation of a homestead leads, in most cases, to the refusal of all credit to the landholder, who is thus placed in a worse position and even exposed to danger rather than in enjoyment of increased security.

They indicate further a certain number of amendments of a legal character that might be made in the law to facilitate its application.

The Government has spared no pains to make the law known as widely as possible, especially by, in two successive years, assigning rewards and special prizes for posters or designs, essays or books relating to the subject of homesteads. It has also prepared a very detailed commentary on the law to serve as a guide and forwarded it to all the chambers of notaries, the magistrates and the registrars of their courts, and many copies are despatched daily to parties applying for them and to the agricultural mutual associations in all the departments. Finally, the agents of the departments dependent on the Ministerial Department have been instructed to insist more and more in their courses of lectures on the benefits the peasant farmers may derive from the institution of the Homestead.

With regard to the law itself, the Government proposes to examine with the briefest possible delay whether it will not be possible at once to reduce and simplify the formalities for the formation of homesteads. In addition, it has profited by the occasion offered by the codification of the laws on mutual and agricultural credit, to insert in a bill, which will, within a few days, be laid before the Chamber of Deputies, a special provision enabling the person forming a homestead, in accordance with article 2,103 of the Civil Code, to obtain from the mutual agricultural credit banks the amount he requires for the purchase of the small farm he desires to convert into a homestead. This amendment to the law will have the effect of temporarily suspending, until repayment of the loan, and in favour only of the mutual agricultural credit bank advancing the money, the undrainable character of the holding which shall remain pleadable against other parties. It is hoped that this provision will largely contribute to the spread of the institution and happily complete the series of measures by which the Parliament and the Government have attempted as far as possible to defend and protect peasant holdings.

GREAT BRITAIN AND IRELAND.

SMALL HOLDINGS IN SCOTLAND AND THE EFFECTS OF RECENT LEGISLATION REGARDING THEM

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SOURCES (OFFICIAL):

REPORTS OF THE CROFTERS COMMISSION, and especially the final Report, for the period from 31st. December, 1910 to 31st. March, 1912.

REPORTS OF THE CONGESTED DISTRICTS BOARD, and especially the final Report for the year ended 31st. March, 1912.

REPORT OF THE SCOTTISH LAND COURT for the period from 1st. April to 31st. December, 1912.

1ST REPORT OF THE BOARD OF AGRICULTURE FOR SCOTLAND, for the same period.

INTRODUCTION.

The Small Landholders (Scotland) Act, which came into force on 1st. April, 1912, introduced great changes into the system of tenure of small agricultural holdings in Scotland. The main features of the Act are (1) the extension to the whole of Scotland, with certain modifications, of the regulations regarding land tenure which had been applied to the "crofting counties" by the Crofters Holdings Act, 1886, and subsequent amending Acts; (2) the provision of machinery for the constitution by State action of new small holdings to be occupied on a similar tenure.

For the purpose of carrying out the provisions of the Act two new bodies were established, the Scottish Land Court, a court of law having powers similar to those of the Crofters Commission, but wider; and the Board of Agriculture for Scotland, an administrative body which is concerned not only with small holdings but with Scottish agriculture in general. Among other duties the Board carries on those imposed on the Congested Districts Board, which, like the Crofters Commission, ceased to exist at 1st. April, 1912.

It is proposed in this paper to give an account of the work of the Crofters Commission and the Congested Districts Board, of the provisions of the Act of 1911, and of the work done by the Land Court and the Board of Agriculture in carrying out these provisions up to 31st. December, 1912.

§ 1. THE "CROFTING COUNTIES."

The Crofter's Holdings Act of 1886 of applied to the seven counties of Argyll, Inverness, Ross and Cromarty, Sutherland, Caithness, Orkney and Shetland, which among them embrace almost the whole of the western and northern Highlands, and the whole of the islands lying to the west and north of Scotland. These counties extend altogether to an area of 14,000 square miles, or nearly half the whole area of Scotland. They include, however, only 15 per cent. of the "cultivated land," i. e. the land under crops and grass; the proportion of their area used for this purpose being 8 per cent. as compared with 41 per cent. in the rest of Scotland. The rent returned as paid for agricultural holdings in these counties amounted in 1906 (when a special return (2) on this subject was made) to £589,000, which is 11 per cent. of the whole amount returned for Scotland, and is only a trifle more than the amount returned for the single county of Aberdeen. The population in 1911 was 335,000 or 7 per cent. of the population of Scotland. It reached its maximum in 1851, when it was 395,000, or nearly 14 per cent. of the population of the whole country; since then every decade has shown a decrease.

The actual extent of land under crops and grass in these seven counties (excluding holdings of one acre or less) in 1912 was 722,000 acres. This was divided among 29,650 holdings, the average size of holding being thus 24 acres, as compared with 85 acres for the rest of Scotland and 62 acres for the country as a whole. The proportion of holdings not exceeding 50 acres, which in the rest of Scotland is about one-half, is in these counties nine-tenths.

In these statements no account is taken of the mountain and heath land used for grazing, which occupies a very large proportion of the area not only of these counties but of the whole country. The total area of land used in this way is about 8,900,000 acres, or 46 per cent. of the whole area of Scotland. In this matter the difference between the crofting counties and several of the other counties of Scotland is not very marked. There is, however, a striking difference in the nature of the occupancy of these rough grazings in the two districts into which Scotland is considered as divided. In the remaining counties of Scotland such land is held mainly by large sheep farmers who occupy thousands of acres. Large sheep farms are common also in the crofting counties, but a considerable proportion of the rough grazings are — except in Orkney and Caithness — used in common by the tenants of groups of small arable holdings, these groups forming "townships."

(1) It actually applied to such parishes within these counties as should be declared to be "crofting parishes", but only 11 out of the whole number of 162 parishes were excluded from its operation.

(2) The return is entitled "Occupiers of Farms (Scotland)" and was presented to the House of Commons on 25th. April, 1907.

the existence of these common grazings—either at the date of the Act or previous time—was in fact one of the determining points in the definition of a crofting parish, to be referred to later. They form one of the modifying factors to be taken into account in considering the economic status of the small holder in the crofting counties. The other main factor is the fishing industry, which has, however, of recent years been taken more and more out of the hands of the small local men by the better equipped fishermen of the east coast.

Agricultural conditions in these counties are not, of course, entirely uniform. Very great differences in the extent of land available for agriculture, in its fertility, and in the use that is made of it by the occupiers, are naturally found in so wide a territory. The general statements made above are, however, sufficient to show that this large area has from an agricultural point of view a character of its own. The typical holding consists of a small amount of arable land with the right to a share in a common grazing, of a small piece of land occupied by a man who is also engaged in fishing. The special characteristic of the inhabitant of these districts, whether Gaelic or Norse, it is unnecessary to speak.

§ 2. THE CROFTERS' HOLDINGS ACT, 1886.

This Act was the outcome of an agrarian crisis in certain parts of the Highlands comparable in intensity, though not in extensiveness, with the agrarian troubles of Ireland. The "clearances" of the early 19th. century, when small holdings were destroyed to make room for large sheep farms, are bitterly remembered. Later the movement has been from sheep farms to deer forests. The cultivators were either forced to leave the country altogether or crowded together on the poorest parts of the land on holdings too small to afford a living. The principal grievances felt by them were insecurity of tenure, excessive rents and the difficulty of obtaining enlargements of their holdings. As regards the first, the natural feeling of men whose families had for generations occupied the same holdings was that they had a claim to retain them. Legally, however, their tenure was only from year to year, and there was no protection against removal. Again, they were, like the Irish tenants, liable to be rented on their own improvements, and had no power to obtain compensation for these on removal. Their attachment to their homes made them willing to pay excessive rents; arrears of rent were, however, very common. There was little encouragement to make the most of the land, such as it was, and the standard both of agriculture and of living was and still is, especially in some parts of the Outer Hebrides, very low. A period of agitation finally culminated in open violence. Rents were refused and organised raids were made on large farms. Gunboats were sent by the Government to restore order, and it was recognised that mere repression was of no use. The efforts of those who have long been working for constitutional remedies resulted in the

passing of the Act of 1886, which was designed to remove the grievances spoken of above.

The principal provisions of the Act were that a crofter should not be removed from his holding except for the breach of certain statutory conditions, that he should have the right to have a fair rent fixed by public authority, and that on renouncing or being removed from his holding he should receive compensation for improvements effected by himself or his predecessors in the same family. The crofter was defined as "any person who at the passing of the Act is tenant of a holding from year to year, who resides on his holding, the annual rent of which does not exceed £30 in money, and which is situated within a crofting parish, and the successors of such person, being his heirs or legatees." A crofting parish was defined as "a parish in which there are at the commencement of this Act, or have been within 80 years prior thereto, holdings consisting of arable land held with a right of pasturage in common with others, and in which there still are tenants from year to year, who reside on their holdings, the annual rent of which respectively does not exceed £30 in money, at the commencement of this Act." The return relating to the year 1906, already mentioned, shows that in the crofting counties seven-eighths of the agricultural holdings were of an annual value not exceeding £30. Of the 162 parishes in these counties 151 were declared to be crofting parishes.

§ 3. WORK OF THE CROFTERS' COMMISSION.

For the purpose of carrying out the provisions of the Act, there was established the Crofters' Commission, a body of three Commissioners having power to fix fair rents and to deal with arrears of rent in the case of holdings to which the Act applied. Fair rents fixed by them might be revised after an interval of seven years. They were also empowered to sanction in certain circumstances the resumption of a crofter's holding by the landlord, and to fix the amount of compensation due to a crofter who renounced or was removed from his holding; and further, to compel land to be provided, on certain conditions, for the enlargement of crofters' holdings and to make regulations for the management of common grazings by local committees, and for the exercise of other common rights such as the taking of seaweed and peat.

The Commission was in existence for 25 years, and dealt with over 21,000 applications for the fixing of a fair rent, including applications for revaluation. The total area inspected by them in connection with these applications included 213,000 acres in individual occupancy, and 1,750,000 acres occupied as common grazings. The "old" rents of the holdings dealt with amounted to £89,500, and the fair rents fixed by the Commission to £67,500, a reduction of nearly 25 per cent. The total amount of arrears dealt with was £186,000, of which two-thirds were cancelled. The amount of arrears cancelled appears large, but as the Commissioners state in their

st Report, from which these particulars are taken, in many cases the rears consisted of the accumulations of generations, and although they might be regarded on paper as assets, they were really irrecoverable; while in other cases they arose on rents which the Commission held were not fair rents, and were cancelled in terms of the Act. The Commission also dealt with 4,300 applications for the enlargement of holdings, and assigned for this purpose over 72,000 acres of land, mainly pastoral.

A marked improvement in the social condition of the crofters has resulted from the provisions of the Act and the labours of the Commission, especially in the matter of housing. The improved dwellinghouses now to be seen in the townships of the west coast and the western islands have not indeed been paid for out of the produce of the land, but rather out of the savings of the sons and daughters of the crofters who have migrated to the mainland, or have emigrated to Canada and the other British dominions. But the increased security given to the crofter in the possession of the improvements provided by himself, and the certainty of continued occupation of the holding, have made it more reasonable for him to invest in this way any surplus he may have, from whatever source derived. The diminution of rents has given sensible relief to the population of these districts, where the circulation of money is not large. Some improvement is noted in the methods of cultivation employed, and in the management of the common grazings, but in these matters much may yet be done.

The Commission, however, carried on their work under certain limitations. It may be doubted whether it was a sound policy to confer, as the Act did, the same perpetuity of tenure on the extremely small holdings of the island of Lewis as on the larger, though still small, holdings found in other of the crofting districts. Another complication found, especially in Lewis, is the existence of "squatters"—persons occupying part of a holding which is already too small to afford a living to the tenant, and paying a portion of the rent to him. The conditions of Lewis form a problem apart. Any drastic action would have encountered great difficulties, and it is simpler to treat alike all holdings under the statutory limit. The Commission were thus precluded from any possibility of rearranging the use of land in such cases. But, further, they had no power to form new holdings where they were required, or to assist migration from congested districts. Their powers in connection with the enlargement of holdings were limited by various restrictions on the choice of land for this purpose and on the amount that might be allotted to applicants. Finally, they had no funds at their disposal for any purpose beyond their administrative expenses.

A Royal Commission appointed in 1892 to consider the question of land available for crofters' holdings reported that 1,783,000 acres not at that time used for this purpose might be so used. There was then a strong movement for further legislation in the crofting districts as well as in the remaining parts of Scotland, which will be spoken of later.

§ 4. THE CONGESTED DISTRICTS BOARD AND ITS WORK.

It was partly in order to remedy the limitations thus placed upon the work of the Crofters Commission, and partly in order to provide more extended assistance out of public funds, that the Congested Districts Board was established in 1897, following a precedent already set in the administration of Ireland. This Board consisted of the Secretary for Scotland, the Under-Secretary for Scotland, the Chairmen of three of the administrative bodies concerned with the districts in which it was to operate—the Local Government Board for Scotland, the Fishery Board for Scotland and the Crofters Commission—and certain other members. They were empowered to aid the development of agriculture, fishing and home industries, in the congested districts, migration from these districts to other parts of Scotland, the formation of new holdings and the provision of public works, such as piers, roads and bridges. For these purposes an annual sum of £35,000 was made available. The sphere of their operations, as defined by them, having regard to population and valuation, extended until the year 1911 to 65 out of the 151 crofting parishes, including practically all the western islands from Islay to Lewis, almost the whole of the county of Sutherland, most of Orkney and Shetland, and smaller parts of Caithness and the mainland parts of Ross and Inverness. In 1911 the whole of the crofting parishes were brought within their sphere.

The operations of the Board extended over a period of more than fourteen years. During that time they expended over £500,000, including both grants and loans, in carrying out the various duties imposed on them.

The policy of land settlement was carried out by the purchase of estates and by co-operation with landlords in the provision of new holdings and enlargements. Six estates, extending altogether to 84,000 acres, were purchased at a total cost of £129,000, and these, where they were not already occupied by small holders, were divided into holdings of suitable sizes. On three of the estates these holdings were sold to settlers at purchase price annuities. Loans were also made to the settlers for the purpose of providing buildings. Subsequently, however, the settlers on two of the estates asked that they might be placed instead in the status of crofters, paying rent for the land instead of purchase annuities. This was done, and these crofters are now, as "landholders" under the Act of 1911, the tenants of the Board of Agriculture for Scotland, in succession to the Congested Districts Board. In the third case a similar request was made, but it was pointed out to the settlers that the land had been disposed of to them on such favourable terms that they would receive no advantage from the proposed change, and no further steps have been taken in the matter. In all three cases the chief reason for the dissatisfaction of the settlers was the burden of the "owner's rates"—that proportion of the local taxation which is levied on the proprietor of land or buildings. This is a point of considerable

ble importance with regard to the system of land tenure established by the Acts of 1886 to 1911.

In other cases the Board co-operated with landlords in carrying out schemes of land settlement—usually involving the sub-division of large farms by making grants for the necessary fencing, etc., and by making loans to new holders for the purpose of erecting buildings.

Altogether they assisted in providing 640 new holdings and over 1,100 enlargements of existing holdings. The whole amount expended in grants and loans in connection with these schemes was about £220,000.

Large sums were also expended by the Board on public works of various kinds in the congested districts—piers, roads, bridges, etc. The assistance thus given usually took the form of a grant of three-fourths of the total cost of such works, made to the local authority which undertook the execution of the work and the subsequent upkeep. In several cases the grant amounted to £5,000 and in one case to £10,000. The whole amount actually paid in this way up to 21st. March, 1912 was about £130,000 besides considerable sums granted but not yet paid over.

In their schemes for the promotion of agriculture the Board had regard mainly to the improvement of live stock, as the Western Highlands and Islands are more suited to pastoral farming than to the growing of crops. Under these schemes the Board purchased nearly 700 bulls and lent them out to the committees in charge of the common grazings. Over 2,000 rams, the property of the Board, were lent out in the same way, and a certain number of Highland pony stallions were also provided. As a result of these arrangements, a marked improvement has taken place in the quality of the live stock in many of the congested districts. Further encouragement was given by grants in aid of local agricultural shows. For the improvement of poultry, it was arranged that eggs of pure breeds could be supplied from certain approved stations at a small charge, the Board subsidizing the station-holders. Schemes were also undertaken for the supply of seed oats and potatoes of better varieties than those commonly grown, and for instruction in the spraying of potatoes to prevent disease: these, however, met with only a moderate degree of success. About £60,000 was spent on schemes under this head.

Aid was also given for the improvement of the home industries of the congested districts, especially the spinning and weaving of "Harris" tweed, and schemes were introduced for the apprenticing of boys to trades and for the training of girls for domestic service.

The public works, the provision of which was aided by the Board, were in many cases of special service to fishermen. The Board also took steps to secure the improvement of communications between the islands and the mainland and maintained a number of minor sea-lights at various points.

In addition to the work done by the Congested Districts Board, the Fishery Board lent considerable sums to fishermen for the purchase or repair of boats, on the security of the boats themselves. This scheme was

not, however, carried out to the full extent originally contemplated, the experiment not being regarded as entirely successful.

§ 5. THE SMALL LANDHOLDERS ACT, 1911.

While the peculiar conditions of the Highland counties were thus provided for, there was no legislation dealing specially with the tenure of existing small holdings throughout the rest of Scotland. The Agricultural Holdings Acts of 1883 and 1908 were designed to protect the rights of agricultural tenants, but without special reference to small holdings. The main clauses of the latter provide for (1) compensation for improvements of various kinds carried out by the tenant with special provisions for the benefit of market gardeners; (2) compensation (a) for damage done by game (b) for "unreasonable disturbance" by refusal on the part of the landlord to renew the tenant's occupancy; (3) the right of bequeathing the remainder of a lease; (4) greater freedom in the system of cropping.

Certain Acts had been passed with the object of facilitating the formation of allotments and small holdings, the administration of which was entrusted to local authorities, but owing to the absence of financial resources other than the local rates these Acts had had little effect.

In certain districts, such as the island of Arran and the upland part of Perthshire, the conditions of land tenure were very like those in the districts already dealt with by the Crofters Act, while in Aberdeenshire and the neighbouring counties there were many small holders who had reclaimed land for cultivation and had carried out other improvements, with or without adequate consideration from their landlords. In the country as a whole the number of small holdings was diminishing and the rural population was decreasing. There was, therefore, both from the point of view of the individual small holder, and as a matter of public policy, a demand for a general measure on the lines of the Crofters Act.

A Bill was introduced in 1895 for the purpose of extending that Act in an amended form to the counties north of the Tay not already included and to Bute, but it did not become law. The Small Landholders Act, finally passed, was the last of a series of Bills introduced in 1906, 1907 and 1908, which, however, failed to become law during the Parliament of 1906 to 1909. It was reintroduced in 1911 in the same form as in 1908, and, subject to certain amendments inserted at the instance of the Opposition, was passed by both Houses of Parliament in that session, coming into force on 1st. April, 1912.

The leading features of the Act (1) are, as already stated, the extension of the Crofters Acts, with considerable modifications, to the whole of Scotland, and the provision of means for the constitution of new small holdings. The new Act has to be read along with the earlier Act and the amending Acts passed afterwards (which are of relatively small importance), and constitutes with them the code described as "The Landholders Acts, 1911."

The principal modifications are (1) the raising of the limit of rent for a small holding from £30 to £50, with the further inclusion of holdings of a higher rent, the area of which does not exceed 50 acres (2); the distinction made between two classes of small holders under the Act — (a) the "landholders", and (b) the "statutory small tenant." (3)

It is impossible at present to state precisely the number of existing holdings brought under the operation of the Act, but it may roughly stated as between 50,000 and 60,000 (including the holdings of existing crofters) or about two-thirds of the agricultural holdings in Scotland. The number of persons returned in 1906 as occupying agricultural land of a gross annual value not exceeding £50 was 62,300; but this total includes a considerable number of persons whose land is excluded from the operation of the Act (4) while on the other hand it does not include those who occupy holdings exceeding £50 in rent but not exceeding 50 acres in extent.

The name "crofter" was abolished by the Act, and that of "landholder" substituted. All existing crofters became landholders at 1st. April 1912. The existing small holder who was not a crofter becomes a landholder if he or his predecessors in the same family have provided the whole or the greater part of the buildings and other permanent improvements without receiving payment or fair consideration from the landlords. Otherwise he becomes a statutory small tenant. In the case of tenants from year to year, the provisions of the Act applied at 1st. April, 1912; in the case of leaseholders they apply on the expiration of the lease, or the occurrence of a "break" in it. All occupiers of new holdings constituted under the Act become landholders.

There is no compulsion on landlord or tenant to take any steps to bring an existing holding under the operation of the Act, but they may come to an agreement that the tenant is a landholder or a statutory small tenant, either of them may apply to the Land Court to decide whether the holding is one to which the Act applies, and if so whether the tenant is a landholder or a statutory small tenant, and to fix a fair or an equitable rent accordingly.

§ 6. THE LANDHOLDER.

The landholder's tenure is essentially that of the crofter. He has the right — subject to the fulfilment of certain statutory conditions, and subject also to a right of resumption by the landlord for certain purposes, with the sanction of the Land Court — to occupy the holding perpetually at

(1) A French translation of the full text is given in the *Annuaire International de Législation* vol. 1911, pp. 695-727.

(2) Except in the district of Lewis, where the limits are £30 and 30 acres.

(3) This distinction was not originally included in the Bill, but was introduced in the course of discussion.

(4) The kinds of land excluded are given in sec. 26 of the Act.

a rent fixed by the Land Court, with power of renunciation and of bequest to a member of his family (1); failing bequest his right in the holding descends to his heir-at-law, but the holding cannot be sub-divided. Residence on the holding is no longer necessary, but the existing small holder must reside within two miles of his holding if he is to be qualified under the Act. The provisions as to compensation on renunciation or removal remain unchanged.

The change of name from crofter to landholder is a consequence of the extension of this tenure to the whole of Scotland. The effect of the earlier Act was to give legal validity to an old customary form of tenure in the Highlands, but the new Act created in the rest of Scotland a new species of tenure which required a new term.

§ 7. THE STATUTORY SMALL TENANT.

The statutory small tenant is an occupier, otherwise qualified under the Act, of a holding where the landlord has provided or paid for the whole or the greater part of the buildings, etc. By far the greater proportion of the existing smallholders in the area of Scotland not included in the crofting counties come into this class. The tenant has in this case a *prima facie* right to a renewal of his tenancy on its expiration, on the same terms as before. But if he and his landlord cannot agree on the amount of the rent and the period of the lease, either of them may apply to the Land Court to fix an equitable (2) rent and to fix the period for which the tenancy is to be renewed—generally, in practice, seven years. Thus, with the right to have his rent fixed by the Land Court, and with the right to a periodical renewal of his occupancy, the statutory small tenant shares the essentials of the landholder's tenure. As in the case of the landholder, his rights extend to his statutory successors. It should be noted that this class of tenant is limited to those existing at 1st. April, 1912, and their statutory successors. No new tenant can be placed in it. On the other hand, if the landlord fails to maintain the buildings, etc., in a reasonable manner, the Land Court may declare the statutory small tenant to be a landholder. It is also possible to turn any such holdings, when they become vacant into landholders' holdings, as "new holdings."

§ 8. PRESERVATION OF EXISTING SMALL HOLDINGS.

Besides these provisions for the benefit of existing small holders, the Act contains provisions for securing the continued existence of small holdings as such. When a landholder's holding falls, or is about to fall, vacant

(1) The landholder may also, with the consent of the Land Court, assign his holding to a member of his family if he is no longer able by reason of illness, old age or infirmity, to cultivate it himself.

(2) Directions as to the method of fixing the rent are given in Sec. 26 (8) of the Act.

he landlord must intimate the fact to the Board, and he may not, without the Board's consent and the intervention, on their application, of the Land Court, let it except to a new holder under the Act or to a neighbouring landholder for the enlargement of his holding. A holding which has been occupied by a statutory small tenant may be let to a tenant outside the scope of the Act, or it may be let as a "new holding" to a landholder, but it may not be merged in another holding without the consent of the Board.

The Board are further required to compile a Register of Small Holdings, whether occupied by landholders or statutory small tenants or not. The register is to include all agricultural holdings within one or other of the limits of rent and acreage laid down in the Act.

§ 9. FORMATION OF NEW HOLDINGS.

The Act in no way affects the right of a landlord to form a small holding and let it to a tenant on any terms which may be arranged between them. Extensive powers are, however, conferred on the Board and on the Land Court for the constitution of new holdings. The procedure is laid down in Section 7 of the Act. Two alternative courses are contemplated—agreement with the landlord of the land which it is proposed to form into new holdings, and procedure by means of a Compulsory Order issued by the Land Court on the application of the Board. The first steps are taken by the Commissioner for Small Holdings, one of the members of the Board, who is charged with the duty of reporting to the Board on the demand for holdings in any district and the supply of land available (1) to meet it, and of entering upon negotiations with the landlords of such land for the justment of a scheme of land settlement. If the landlord refuses to negotiate, or if no agreement can be reached on the scheme submitted to the Commissioner, the Board may apply to the Land Court for a Compulsory Order to make the scheme effective. The Court is to determine what land, if any, specified in the scheme is to be formed into holdings, what the fair rent for each holding, and whatever else may be necessary to make the scheme effective and to adjust the rights of parties concerned. In the normal course the Court will indicate in their Order what amount of compensation they think is due to the landlord and to the present tenant (any) of the land, as a consequence of the formation of the new holdings. If either of these persons' claims compensation to an amount exceeding £100, he may have his claim settled by arbitration instead of by the Land Court. Should the Board think the amount of compensation awarded makes the scheme unduly expensive, they need not proceed with it. Should they determine to proceed, they will make the Order of the Court effective by entering on the land, carrying out any works that may be necessary,

(1) For the limitations on the choice of land for this purpose see Section 7 (2), (5) and (16) and Section 26 of the Act.

and establishing duly qualified applicants as landholders on the new holdings thus formed. They are enjoined to give reasonable consideration to objections stated by the landlord to any applicant, and, other things being equal, they are to give a preference to applicants preferred by him.

The assistance provided by the Board towards the establishment of new holdings is given in two ways. Access roads and water supply, where necessary, are provided without charge to the landholder. The work thus undertaken does not become the property of either the landlord or the tenant, in the sense that neither will the landlord be able to demand rent for them nor the tenant compensation. Loans are made to new holders for buildings and for fencing. Building loans are repayable by instalments over a period of 50 years, at the rate of £4 per annum for each £100 borrowed. This includes repayment of principal, payment of interest on outstanding principal, and payment of premium for fire insurance; the nominal rate of interest charged is $3\frac{1}{2}$ per cent. Fencing loans are repayable in a period not exceeding seven years. The Act does not provide for the making of loans for the purpose of stocking holdings.

§ 10. ENLARGEMENT OF EXISTING HOLDINGS.

The facilities provided by the Act of 1886 for the enlargement of holdings by Compulsory Order have been greatly extended by the Act of 1911. A single landholder may now obtain an enlargement of his holding, whereas under the earlier Act it was necessary for a least five crofters to make joint application, and most of the restrictions on the kind of land which might be taken for this purpose have been removed. The procedure in such cases is, on the whole, much the same as that described above. The Board are, however, precluded from entertaining applications for enlargement except in cases where the landholder has previously made application to the landlord without effect. The Act does not provide for the enlargement of the holding of a statutory small tenant by Compulsory Order. Additional land may, however, be obtained by a tenant of this class as a new holding, to be occupied by him on the landholder's tenure, while retaining his existing holding as a statutory small tenant.

§ 11. THE SCOTTISH LAND COURT.

The Land Court consists of five members appointed by the Crown on the recommendation of the Secretary for Scotland. The present Chairman of the Court had been since 1908 Chairman of the Crofters Commission. As in the case of the Commission, one of the members must be able to speak the Gaelic language.

The Court have full power to hear and determine all matters of law and of fact for the purposes of the Small Landholders Acts. On questions

law appeal may be made to the Court of Session, who are finally to determine them without further appeal to the House of Lords.

Three members form a quorum, and one or more members may exercise delegated powers subject to review by the full Court of three or more members. The officials employed by the Court include clerks, surveyors, assessors, etc., but unlike other courts of law they have no executive officers to put their decrees in force. These decrees are executed by the sheriffs of the county in which the holding concerned is situated.

The work of the Court falls under three main heads —

(1) Applications for the determination of the status of existing holdings and for the fixing of a fair or an equitable rent.

(2) Applications relating to other powers exercisable by them in relation to existing holdings.

(3) Applications by the Board for Compulsory Orders in relation to schemes for the constitution of new holdings or the enlargement of existing holdings.

The headquarters of the Court are in Edinburgh, but most of their work under heads (1) and (2) is done locally, and under the provision for the exercise of delegated powers two or even three sections of the Court may sit at one time with cases in different districts. Applications are heard at some convenient place, and in most cases the holding is inspected by the court before they give their decision.

§ 12. WORK OF THE LAND COURT.

When the Land Court came into existence there were 634 cases left over by the Crofters Commission, and up to 31st. December, 1912, the date at which their first report is made, they had received 1,808 further applications of all kinds. Of these 1,569 were from the crofting counties, 146 were in the county of Bute, and 93 from the remaining counties of Scotland. The overwhelming preponderance of cases from the crofting counties is due to the fact that the operation of the Crofters Act had for 25 years been unfamiliar in these localities, and the more extended rights conferred by the new Act were at once taken advantage of, while in the rest of Scotland the procedure was unfamiliar, and small holders did not at once avail themselves of their rights. The one exception is the county of Bute, or rather the island of Arran. Small holders there had long felt it a grievance that they were excluded from the operation of the earlier Act, and they at once took steps to secure the benefits conferred by the new Acts. During the year 1913 the number of applications received from the other counties of Scotland has rapidly increased.

Up to the end of the year 1912 the Court had dealt with 646 applications. Of these cases, 256 were first applications by landholders for the fixing of a fair rent. The original rents amounted altogether to £2,227 and the fair rents fixed to £1,568, a diminution of 30 per cent. The arrears amounted to £1,722, of which 84 per cent. was cancelled. There were

99 applications by landholders for revaluation. In these cases the rents had already been reduced by the Crofters Commission from £914 to £700, and a further reduction of 20 per cent. was made, the new rents amounting to £562. In 89 cases equitable rents were fixed for statutory small tenants; the original rents amounted to £1,582, and the new to £1,187, a diminution of 25 per cent. It will be observed that the average rent of the holdings of the statutory small tenants concerned is considerably higher than that of the holdings of the landholders. This is accounted for partly by the fact that the former were of larger average acreage than the latter, and partly by the fact that the rent in the case of statutory small tenants necessarily consists in a greater degree of payment on account of improvements effected by the landlords. The remaining applications dealt with were of a miscellaneous character.

A large number of important legal questions emerged in the consideration of these cases; the Orders of the Court in cases of special interest are given in the Report, with the explanatory notes accompanying the Orders.

§ 13. THE BOARD OF AGRICULTURE FOR SCOTLAND.

The Board of Agriculture consists of three members, the Chairman and two Commissioners, appointed by the Crown on the recommendation of the Secretary for Scotland. One of the Commissioners is designated Commissioner for Small Holdings, and is specially charged with certain duties relating to the constitution of new holdings, etc. The work of the Board is carried out in accordance with the instructions of the Secretary for Scotland, who is the Minister responsible to Parliament for the administration of the Small Landholders Act. The Board is charged with the general duty of promoting the interest of agriculture, forestry and other rural industries in Scotland; collecting statistics, making inquiries, experiments and research, and aiding and developing instruction in these subjects. All the powers and duties formerly exercisable in Scotland by the Board of Agriculture and Fisheries were transferred to the Board by the Act of 1911, except those relating to diseases of animals and ordnance survey, which were reserved. There were also transferred to it the powers and duties of the Congested Districts Board (which ceased to exist at 1st. April, 1912), and the supervision exercised by the Scotch Education Department over agricultural education in Scotland, while new powers were created and new duties were laid upon it with regard to small holdings, as already indicated.

In the internal organization of the Board, the Commissioner for Small Holdings is head of the Land Division and the other Commissioner is head of the Agriculture Division. The other principal officers are: - Secretary, Accountant; Superintendent of Statistics and Intelligence; in the Land Division four Sub-Commissioners for Small Holdings, Chief Surveyor and Staff of Assistant Sub-Commissioners and Surveyors; in the Agriculture Division, Chief Inspector, Superintendent of Live Stock, Superintendent of Seed-testing Station, and staff of Inspectors. The duties of the Board are

ation to Forestry are immediately committed to the Commissioner for Small Holdings. An Advisory Committee has been appointed by the Secretary for Scotland to advise the Board in this matter, and an Advisory Officer has also been appointed.

The sum available for the Board's work, known as the Agriculture (Scotland) Fund, is £200,000 per annum, of which £35,000 represents the sum previously paid to the Congested Districts Board, and £165,000 a new Parliamentary grant. The Fund is to be expended on the constitution and equipment of new holdings, loans to existing landholders for holdings, and in connection with the other duties of the Board, including those transferred from the Congested Districts Board. The administrative expenses of the Board are met, not out of the Fund, but out of a separate Parliamentary Vote. In addition to the Fund, certain sums are made available by the Development Commissioners for the schemes of the Board in connection with agricultural education and research, the improvement of re-stock, etc.

§ 14. WORK OF THE BOARD OF AGRICULTURE.

Small Holdings.—When the Board began their work on 1st. April, 1912, about 1,700 applications for new holdings and for the enlargement of existing holdings awaited them. By the end of the year 1912 the total number was 5,353, of which 3,370 were for new holdings and 1,982 for enlargements. Of the applications for new holdings fully five-sixths came from the crofting counties, the rest of Scotland contributing only 550 (1). The reason for this preponderance is, as already stated in connection with the work of the Land Court, that the full privileges of fixity of tenure and of judicial protection have been familiar in the crofting counties since 1886. There is reason to believe that when the benefits conferred by the Act are fully understood in the southern counties, there will be an increasing and steady demand for them.

About 50 per cent. of the applicants desired holdings of over 25 acres; over 500 asked for holdings between 10 and 25 acres, and about the same number for holdings under 10 acres, while many stated no definite area. The larger holdings are such as will occupy the whole time of the holder and his family. In the northern districts the smaller holdings are of the crofting type, where the holder either practises some other industry, such as fishing, or desires to have along with his small arable holding a share in common grazings. In the lowland districts the smaller holdings are applied for by men who either have some other regular employment or intend to use the land for market gardening or the like.

(1) In the case of applications for enlargements the proportion from the crofting counties is even greater. This is explained by the fact that such applications can be made only by landholders.

As the Board are unable to give assistance towards the stocking of holdings, the possession of a certain amount of capital either in money or in stock is one of the necessary qualifications for suitable applicants. Of the whole number of 3,370 applicants, more than 400 stated their capital as over £200, more than 500 as between £100 and £200, and about 700 as between £50 and £100.

As soon as the preliminary examination of the applications was completed, the Sub-Commissioners for Small Holdings began to make local inquiries, and by the end of the year they had interviewed over 2,500 applicants. Their investigations showed that a large proportion of the applicants were men of good character and adequate experience in the working of land and the management of stock. At the same time inquiries were carried out with a view to discovering land available for new holdings. The Board are directed preferably to select land falling out of lease, where the present tenant does not wish to renew his occupancy, and this course would naturally be followed in any case, in order to avoid disturbance of present tenants and to relieve the Board of the necessity of paying compensation on the ground. The Board will also, so far as practicable, preferably arrange for the formation of small holdings from the large area of land in Scotland which was formerly cultivated, but which for various reasons has been allowed during the past century to fall back into the condition of permanent pasture. Apart from the limitations set by the Act to the choice of land, there was at first a certain unwillingness on the part of landowners to respond to the Board's overtures regarding land on their estates which might be available for holdings. This has now in large measure disappeared as the result of growing familiarity with the procedure provided by the Act. Most of the schemes initiated by the Board will, it is anticipated, go before the Land Court for the issue of a Compulsory Order. This procedure will, however, be adopted in many cases not because the landowner is hostile to the whole proposal, but because agreement has not been reached in details or because it is desired that the sanction of the Court should be given to the scheme as arranged.

By 31st. December, 1912, the Commissioner for Small Holdings had opened negotiations with landowners in regard to schemes of land settlement affecting the applications of about 1,000 persons. Some of these schemes were abandoned as impracticable for one reason or another; in other cases the scheme was carried through by voluntary agreement; in others again it was arranged with the landowners that the scheme should be submitted to the Land Court, and in a considerable number of cases the Board decided on the same course because of the opposition of the landowner to the scheme as a whole. Altogether at the end of the year the Board had decided to make application to the Court for Compulsory Orders for the constitution of new holdings for 298 persons and for the enlargement of the holdings of 179 persons, chiefly in the crofting counties. There was also a large number of schemes spread all over Scotland in regard to which negotiations were in progress. The number of practicable proposals before

Board has shown that the limit to the number of small holdings which be created will be determined by their financial resources.

Under the provisions for the preservation of existing small holdings Board have dealt with a considerable number of cases of holdings falling vacant. Generally speaking, the landlords of the holdings have shown readiness to co-operate with the Board with regard to the disposal of them, and in some instances have asked the Board to endeavour to find new tenants for them.

Many inquiries have been made by existing tenants as to their status under the Act, which the Board have thought it incumbent on them as far as possible to deal with. Large numbers of explanatory leaflets have been distributed, and in particular copies of leaflets describing the effect of the Act on present occupiers have been sent, along with schedules for the Register of Small Holdings, to all existing small holders. Another matter lying under this division of the Board's work is the management of the estates purchased by the Congested Districts Board; the circumstances connected with them have already been described.

Agriculture. — Much of the administrative work of the Board under the Act, as well as their statistical work, touches the interests of agriculture in general. This applies to the powers exercised by them under the various Acts affecting agriculture, the administration of which was transferred to them on their establishment; to the duty laid upon them of aiding research; and to the supervision now exercised by them over the work of the Agricultural Colleges.

Many of their activities are, however, specially directed to the assistance of small holders, in pursuance of the general policy embodied in the Act of 1911; and in accordance with the plan of this paper a more detailed account of these will now be given.

During the first nine months of the Board's existence little could be done for the promotion of agriculture beyond carrying on and extending the work of the Congested Districts Board, and laying the foundations of larger and more comprehensive schemes. Most of the schemes for the improvement of live stock have been extended to the whole of Scotland.

These embrace:—

(1) *Cattle breeding.* — The Board have carried on in the congested districts the plan of lending bulls, which remain the property of the Board, to properly organized local committees. Both in these districts and in the rest of Scotland they are also prepared to make grants to recognized societies for the purpose of enabling them either to purchase or to hire approved bulls. An essential part of this scheme is that the bulls must be available for the service of cows belonging to small holders, cottars, shepherds and farm servants at reduced rates; and the full grant will be payable only if a certain number of such cows have been served by the bull in respect of which the grant is made.

(2) *Horse breeding.* — Besides carrying on the schemes of the Congested Districts Board for the improvement of the breed of Highland ponies in the congested districts and that of Clydesdale horses in certain of these districts,

the Board have made arrangements for enabling small holders in other parts of Scotland to obtain the service of stallions hired by horse-breeding societies. The subscriptions of small holders to such societies are paid by the Board, who also pay half the fees for the service of their mares, up to a certain maximum, and make a grant to the society in respect of the work involved in carrying out the scheme. The grants can be obtained only by approved societies which hire approved and registered stallions. While designed to assist small holders in particular, this scheme will benefit all classes of draught horse breeders.

The Board have further taken over the schemes of the Board of Agriculture and Fisheries for the encouragement of light horse breeding, so far as these apply to Scotland; and a Register of stallions of all breeds, under the same regulations as are imposed by that Board in England and Wales is kept by them.

(3) *The Poultry Improvement Scheme* has been extended to the whole of Scotland, for the benefit of small holders.

(4) *Sheep-breeding*.—In this case the Board have continued the work done by the Congested Districts Board on the same plan.

(5) *Pig-breeding*.—This branch of agriculture has been much neglected in Scotland. The Board have, therefore, prepared a new scheme for the payment of grants to recognized societies on similar conditions to those made to cattle-breeding societies.

The Board have carried on the other schemes of the Congested Districts Board for the development of agriculture in these districts, including the assistance given to agricultural shows. A scheme of prizes for the best managed small holdings, originally connected with the last-named scheme, has now been extended to the whole country.

The schemes of the Board for the improvement of agriculture are carried out in close co-operation with the Agricultural Colleges at Aberdeen, Edinburgh and Glasgow. Each of these colleges has allotted to it a large area in which extra-mural teaching is provided by instructors stationed in each county or group of counties, who conduct systematic classes in agriculture, horticulture, poultry-keeping, dairying and bee-keeping, give lectures on these and other subjects, conduct field experiments and demonstrations, and give general advice to those who may consult them. They are thus brought closely into touch with those whom the schemes of the Board are intended to benefit. The management of the schemes is in certain cases committed to them, and in general their co-operation is of great value.

The Board recognize, however, the necessity for a system of education intermediate between that given in the Colleges themselves and that given by the county instructors, and they hope that it will be possible for them to establish institutions where short practical courses of instruction will be provided for those who find it impossible to take the full courses at the Colleges. It is clear that the ultimate success of the system of landholding established under the Act will depend upon the capacity of the small holder to produce from his holding the utmost that the land is capable of yielding, and this can best be secured by the efficient training of the individual.

occupier and by the development of co-operation to a fuller extent than it is at present reached in Scotland.

CONCLUSION.

The form of tenure thus established for small holdings in Scotland differs fundamentally from the small ownership set up in Ireland by the Land Purchase Acts, and from the tenure of those small holders in England who under recent legislation are the tenants of County or Parish Councils. The landholder or statutory small tenant remains the tenant of the owner of the land which he occupies, and the rights of the landlord as owner of the land are reserved by the Act. The relations between landlord and tenant are, however, on the application of either party, removed from the sphere of private contract and made subject to statutory provisions. The tenant and his statutory successors have a right to the continued occupation of the holding, but this right cannot be assigned to any person who is not a member of the family. The landholder who has received a loan from the Board of Agriculture for the purpose of erecting buildings is, in respect of them, a purchasing proprietor, but for the land he pays only a fair land rent, and is rated for local purposes on this land rent alone, as occupier, and not on the buildings and other improvements.

Small ownership is comparatively rare in Scotland, and the system is unfamiliar. The experiment of the Congested Districts Board, already mentioned, illustrates the difficulties connected with the establishment of small proprietors. On the other hand, the system embodied in the Landholders Acts prevents a small holding from being sold, mortgaged or divided, and leaves the occupier free from the burdens attached to the ownership of land, while it ensures to him and his heirs the chief advantage of ownership, giving him security of tenure, which, together with the fixing of a judicial rent, will justify him in improving his holding to the utmost extent which he is capable.

JAPAN.

FLUCTUATIONS IN PRICES AND WAGES.

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INTRODUCTION.

The general fact of the rise in price of provisions and in house rent which is becoming daily more observable in every country and is giving rise to discontent among the poorer classes and causing men of science and those in authority to seek means for its arrest, has also affected Japan. The rapid political and economic transformation of the country has made it more sensible to the effects of this prodigious progress than another country would be.

It must not, however, be imagined that before the Restoration Japan had not sometimes suffered from severe economic crises, both local and general, but the causes were of a far more simple order than those at work to-day. Consequently, it was easier to devise remedies and the crises

less time. Bad harvests, civil or foreign wars, disasters and floods are the chief causes of want or poverty, and when the transitory conditions of the natural variations in prices had ceased to exist, all was again more and the balance was re-established of itself.

The conditions to day are very different. The Japanese Empire has now begun to fill the place that it has made for itself among the great powers, and I am aware that so serious a task must cost a nation many sacrifices. This is truer in the case of Japan than in any other, above all in view of the enormous rapidity with which it has progressed, so that there has been a very short period in which the country might adapt itself to its new conditions.

It is enough to cast a glance at a few figures relating to the fluctuations in the financial situation of Japan, to see how enormous they are. In 1899, the public debt, still entirely to creditors within the country, was not more than 100,000 yen, or on an average 8 yen 8 or 22 fr. 70 per inhabitant. In 1913 the public debt amounted to 2,500,000,000, more than 1,400,000,000 francs due on foreign loans. The average per inhabitant was thus 47 yen 2 or frs. 77. The necessary consequence of this increase was a corresponding increase of fiscal charges. Confining ourselves to a consideration of the total increase of these charges, we obtain the following data, too important for a comment.

Years	State Services and Monopolies			Average per Inhabitant
	Taxes	Stamp and other Duties	Millions of Yen	
1899	129	36	16	2.5
1901	139	46	18	3.2
1903	146	57	23	3.4
1905	252	98	48	5.4
1907	316	140.5	34	6.6
1909	321	114	45	6.8
1911	328	132	48	6.6
1913	336	141	53	6.9

Taxes cannot be considered as a sufficient indication of the greater wealth of a population of so varied a character as that of Japan. We do not here to study the Japanese fiscal system which, by the way, is the wisest that has been adopted up to the present, both in respect of the progressive system of taxation and of the prudent and enlightened selection of the articles to be taxed. But we would further desire, before speaking of the fluctuations in prices and wages, to give a few figures in relation to the other general causes that have had a considerable influence on these variations.

Thus, we see the average rate of discount in the principal credit establishments is to-day very high (10 %) and the official rate remains at $6\frac{3}{4}\%$. With respect to these, Japan is returning to its maximum of 1908, after the official and the bank rates had fallen in 1910 to $4\frac{1}{4}\%$ and $7\frac{3}{4}\%$ respectively.

The serious crisis of 1908, the result of the general crisis of the preceding year, had in fact caused really enormous rises; in July the official and the bank rate were respectively $7\frac{1}{4}\%$ and 11%. The general condition of the Japanese money market improved later on. As we have said, the official rate fell as low as $4\frac{1}{4}\%$ and the bank rate to $7\frac{3}{4}\%$. But in October 1911, a new rise began, which as yet shows no sign of an arrest. This is due above all to the constant increase of industry, as a result of which the demand for capital becomes daily more pressing. The loan of £ 9,175,000, raised in London, in February, 1911, certainly improved the position of the money market a little, but its effect was only temporary. Immediately afterwards the rates again began to rise and, in the course of 1912, the Bank of Japan had, on three several occasions, to raise the official rate.

Among the many causes of the high prices of articles of first necessity we must certainly not forget to consider the excess of the imports over the exports, amounting to 237,000,000 frs. in 1912. Above all when we remember that about 78,000,000 frs. worth of rice was imported and that, in spite of a considerable reduction, the import duty on this article is still, in 1912, 100 kin, or 4.28 fr. per quintal. We shall return to this subject hereafter.

To the causes of a purely financial character of which we have just spoken, we must also add others which are rather of an economic and social nature. The mode of living is no longer and can no longer be that of thirty years ago, and this is the common experience of all progressive nations. There is no corresponding increase in production to compensate for the increased consumption due to the altered mode of life and the increased population. Hence a rise in prices. To these causes which may be called local, we must also add those of a more general character, affecting at once all the markets of the world: the increase of the population throughout the world, and that of the consumption per head of agricultural produce, compensated to a very slight degree by increased production. We must add that the output of gold is more abundant, while the cost of extracting it from the ore has decreased; then the rural exodus has increased among the civilised nations; the number of intermediaries is now excessive, as is also that of the trusts. And there are many other causes which, acting on the international market, have also seriously influenced the conditions, certainly somewhat disturbed, of the Japanese market.

These summary remarks on the general economic situation of Japan, or rather on the causes that have the most influence on that situation, must of our now studying the fluctuations in prices, wages, etc., during the last few years, with a better knowledge of their causes. They will serve us all to enable us justly to appreciate the effects.

§ 1. THE RICE MARKET.

In Japan, the price of rice may be considered as the real indication of cost of living, not only because almost 80 % of the work of the whole Japanese agricultural market is in connection with this grain, but also because the ordinary mode of life of the Japanese tends to make rice the article of greatest consumption in the country. With the exception, perhaps, of the lowest classes of society, who eat grains of inferior kind, we may say that the Japanese live almost exclusively on rice, or, at any rate, it may be said that rice forms the most substantial part of their diet. Thus, being of enormous importance both for the national and domestic economy, we think it well to devote a special section to the study of the fluctuations and of the prices of what is quite the most important agricultural product of Japan. We shall consider separately the most important problems connected with the market for this product.

(a) *Production*. — We have already had occasion in other articles, to speak at large of the money the Government and private individuals have spent in the attempt to increase as far as possible the production of rice in the country. We beg to refer the reader to those articles (1). What is most to our purpose now is to consider what results have been thus attained. We therefore give the following table showing the total production of rice, the area of rice fields and the average yield per hectare in hectolitres, for the years 1878 to 1912:

Years	Area Cultivated (1) Cho	Total Production Koku	Average Yield per hectare in hectolitres
1878	2,489,765	25,282,540	18.36
1883	2,579,543	30,671,492	21.42
1888	2,684,986	38,645,583	25.92
1893	2,775,233	37,267,418	24.12
1898	2,817,624	47,387,666	30.24
1903	2,864,139	46,473,298	29.16
1905	2,881,549	38,172,560	23.76
1907	2,906,092	49,052,065	30.42
1908	2,922,388	51,933,893	32.04
1909	2,938,074	52,437,662	32.22
1910	2,949,440	46,633,376	28.44
1911	2,973,009	51,712,433	31.22
1912	3,003,082	20,227,132	30.06

(1) Cf. *Bulletin of Economic and Social Intelligence*, February, 1913, p. 128 and June, 1913, p. 147 et seqq.

(2) 1 cho = 0 ha. 99.

As we see from these figures, the increase in production was considerable, especially in the period between 1893 and 1898. It was more than 10,000,000 koku, or more than 18,000,000 hectolitres, giving an annual average of 2,000,000 koku or 3,600,000 hl. This increase is only partly due to the increase in the area of the rice fields, which was 42,391 cho in those five years. But it is due largely to the improved methods of cultivation, which have allowed of the average production per hectare being raised from 24 hl. 12 to 30 hl. 24. Yet as we are considering the progress of agricultural production, that is to say of a production subject to many influences, independent of the area cultivated and the systems of cultivation, it will be well to give here the averages for the five years' periods, in which accidental differences in the harvests will at least partly be made up.

Five Years Periods	Area Cultivated Cho	Average Production Koku	Average Annual Production in hectolitres per ha.
1882-1886	2,599,104	31,812,659	27.96
1889-1891	2,712,118	38,574,312	25.56
1892-1896	2,769,914	39,351,458	25.56
1897-1901	2,824,038	41,701,215	26.64
1902-1906	2,874,477	43,862,175	27.54
1907-1911	2,937,821	50,353,886	30.85
1912	3,003,082	50,227,132	30.11

These averages clearly show an appreciable and constant increase of production, due largely to the united efforts of the Government and the producers. We shall now examine the point of second importance in relation to the rice market:

(b) *Consumption*. — It is natural that the consumption of rice should have increased and should tend continually to increase, as a consequence of the rapid growth of the population. This is partly also a consequence of the improved manner of living of the population generally and in particular of that of the large inhabited centres. The figures we reproduce below for the years 1887-1906, are the averages per year for each period of five years. For the later years the figures represent the actual amounts.

Years or five years' periods	Population of the Empire	Consumption Koku	Average Consumption per Inhabitant Koku
1887-1891	39,084,217	38,085,706	0.953
1892-1896	41,811,306	39,825,270	0.952
1897-1901	44,207,720	41,164,480	0.931
1902-1906	47,162,964	48,232,075	1.023
1907	48,819,630	49,462,839	1.008
1908	49,588,804	51,899,888	1.045
1909	50,254,471	53,131,321	1.057
1910	50,984,844	53,697,364	1.053

As we see, it is especially the total consumption of rice that has rapidly increased, whilst, the average consumption per inhabitant has indeed increased, but in less degree, without any really considerable fluctuations. It may therefore be deduced that of the two causes indicated above as having had the greatest influence in increasing consumption, the increase of the population is the most important.

If we compare the statistics of consumption with those of native production, we shall see how little proportion they bear to one another. Let us consider, for example, the years, 1908, 1909 and 1910, in which the price of rice was highest. In those three years the difference between the amount produced in the previous year and that consumed in the year in course, was, respectively, 2,850,000 koku, 1,200,000 koku and 1,600,000 koku. Importation from Formosa partly made up for the difference in the years 1908 and 1909, as in those years it amounted to 1,100,000 and 1,050,000 koku, respectively. But in 1910, Formosa could only supply 722,000 koku to meet the deficiency of 1,160,000 koku. Hence the necessity of facilitating the import from abroad, and the Government has given careful consideration to this. It is understood that an abundant importation alone could reduce to their normal rate the prices tending to rise vertiginously. But the importation from abroad could not always be sufficient to exert a favourable influence on prices. Many causes, which it is not here the place to deal with, necessarily conspired to limit such importation. On the other hand, the Japanese Government could not but be alarmed at the injurious effects its economic policy might have upon the national economy, above all as large payments had to be made abroad, which is not to be considered one of the least reasons for the increased rate of exchange and the succession of serious economic consequences due to it. In any case, in recent years, Japan has become a large importer of rice. It must be considered as one of the principal customers of British India, as far as this commodity is concerned. Before proceeding with the study of the prices of rice, we think it well to give here a few figures showing the amount imported into Japan from different countries in the period 1906-12.

Country	1906 — yen	1907 — yen	1908 — yen	1909 — yen	1910 — yen	1911 — yen	1912 — yen
India	15,131,388	13,704,284	7,341,191	1,790,982	1,707,998	6,765,456	18,486,930
Siam	270,749	421,278	291,496	86,866	55,668	178,056	433,526
Java	1,579,001	7,994,784	6,035,869	4,441,715	1,385,858	—	—
Indo-China	9482,297	7,493,478	6,885,281	5,245,379	3,532,634	5,812,477	8,345,791
Other Countries	2,708,544	1,816,031	2,134,464	2,018,892	1,950,553	1,950,749	2,874,083
Other Countries	100	1,203	238	1,983	11,528	14,307	53,751
Total	26,172,079	30,931,058	22,688,539	13,585,817	8,644,439	17,721,085	30,193,481

(c) *Price.* — In the preceding pages we have indicated a few of the many causes of the rapid rise in price of this article of which the consumption is so great. But it would be too much to attribute the regrettable result exclusively to the above causes, for there are others not apparent on a superficial examination and that no purely scientific investigation reveals. Japanese economists have been and are still searching for the causes and the best remedies to be applied. Among the many writers on the subject, we shall mention Dr. Honda, one of the most prominent economists of Japan who, in an interesting article in the number of the review, *Taiyo*, in August, 1912, wrote as follows:

"There is generally a constant tendency for the prices of all commodities to rise, and the prices of cereals, which have also to follow the vicissitudes of the market, cannot form an exception to the general rule. Consequently, the question of the price of rice is an extremely large one. Its limits, though originally determined by the conditions of supply and demand are also affected by many other circumstances.

Naturally, the increase in price is largely due to the import duties which corresponds with their increase. But it depends also on the conditions under which purchase and sale are now conducted on the rice exchanges. Account must, therefore, be taken of these various circumstances.

With regard to the customs tariffs, public opinion has already declared unanimously in favour of their complete abolition. But the fluctuation of supply and demand is not in itself sufficient to explain completely the vertiginous rise in price of this grain. In judging of this constant tendency to rise, we must remember that not only are there the producers but also the middlemen to be considered, and also that the large agricultural producers are at the same time speculators. We must also remember that, above all, in recent years, the insufficiency of the means of transport has become more and more evident and that little progress has been made in the matter of the circulation of capital for purposes of agricultural production. In the past, the farmer was content to produce and his crops were offered on the market and sold at the prices of the day. Now the situation is very different. The farmer no longer limits himself to producing, but, out of a desire of greater gain, he himself speculates in the price of his produce.

It is not to be denied that, recently, the spirit of speculation has made rapid progress among our farmers. It is scarcely to be regarded as astonishing, since it is only a natural consequence of the present amount of speculation on the stock exchange.

The middlemen who trade in securities and grain are constantly sending a large number of agents into all the provinces inviting and inciting the farmers to speculation. The farmers easily allow themselves to be persuaded by the often deceitful prospect of large gains to be made in the future. And the same results would be produced even without this action of the middlemen. The daily notices of sales at fixed terms of themselves excite the spirit of speculation and among the centralisers of produce, the hope of selling at higher prices. The latter then limit the supply of rice on the market and this limitation suffices in itself to awake

the spirit of speculation among the producers. The action of the speculators in urging purchasers to buy of course makes the price rise.

The two facts we have just mentioned, on the one hand, the instigation to purchase and the limitation of the supply of rice, and, on the other, the increased price, are logically connected as cause and effect. When they come, in fact, kindled the farmers' desire of gain and awakened the spirit of speculation by unprotected purchase, the large dealers need only limit the supply on the market. The incitement to purchase will be greater and greater and the price will naturally rise at a vertiginous rate."

These few words of the eminent economist are worthy of consideration, for they suffice to show the fundamental cause of the rise in price of rice in Japan. Let us add to these causes those already indicated, generally purely economic or purely social, and we shall have at least an approximate, not a complete explanation, of this disquieting phenomenon.

Let us now see what fluctuations there have been in the price of rice.

Fluctuations in the Price of Rice between 1888 and 1912.

(Average Annual Price on the Exchanges of Tokio and Osaka).
(in yen per koku).

Year	Maximum	Minimum	Average	Year	Maximum	Minimum	Average
1888	5.32	4.56	4.93	1901	13.85	11.20	12.30
1889	8.07	4.73	6.00	1902	14.32	10.62	12.70
1890	10.85	7.47	8.94	1903	15.52	12.57	14.42
1891	7.44	6.68	7.04	1904	14.00	12.57	13.20
1892	7.57	7.03	7.24	1905	14.14	11.94	12.82
1893	8.14	6.81	7.38	1906	15.58	14.02	14.68
1894	10.12	7.56	8.83	1907	17.72	15.45	16.42
1895	9.34	8.30	8.88	1908	16.61	13.99	15.74
1896	10.60	9.03	9.65	1909	15.65	11.70	13.67
1897	13.91	10.17	11.98	1910	15.05	11.50	13.25
1898	16.87	9.81	14.79	1911	18.60	15.70	17.15
1899	12.06	9.10	10.03	1912	22.10	17.30	19.70
1900	12.80	11.20	11.96				

Taking 100 as the average price, we get the following corresponding ex numbers for the years

1902	107	1908	135
1903	121	1909	111
1904	114	1910	115
1905	112	1911	149
1906	128	1912	176
1907	142		

We shall also give the following figures showing the fluctuations in prices in the months of June, July, August, and September, 1913, on the Yokohama Exchange (in yen per koku).

Month	Maximum	Minimum	Average	Average for the Corresponding Month in 1912
June	23.33	22.62	22.97	24.05
July	23.66	22.60	23.10	24.01
August	22.85	21.94	22.39	23.37
September	23.43	22.07	22.75	22.36

These figures show an evident tendency to decrease when compared with those for the second half year of 1912, for those were the highest prices ever reached in Japan. In any case, in spite of this slight decrease, the average price of rice in 1913 was about 22 yen 80 per koku, which gives in respect to the average for 1900, an index number of 191. We may, therefore, say that, in only thirteen years, the price of the most important commodity on the Japanese market, of the first necessity for the population, has increased by more than 90 % or on an average by 7 % a year.

§ 2. FLUCTUATIONS IN PRICE OF OTHER COMMODITIES.

We desired to make a specially detailed study of the fluctuations in price of rice, because it is a commodity far exceeding in importance all others both for the Japanese market and Japanese consumption. To complete our study it is, however, necessary also to consider the fluctuations in price of the other principal commodities. Generally, also, they correspond with those observed in the case of rice. Indicating by 100 the average prices for 1900, as we have already done in the case of rice, we obtain for the following years and the various commodities considered, the following index numbers:

Produce	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911
Wheat	94	130	151	139	97	115	130	119	111	130
Rice	107	148	148	141	123	133	138	130	126	156
Barley	91	120	121	130	112	127	124	131	136	130
Soybeans (Beans)	87	99	124	121	118	126	114	98	119	121
Lentils (Lentils)	113	134	132	127	127	122	101	122	128	124
Peas	90	96	88	184	215	217	217	216	218	216
Gar	97	100	125	141	135	128	138	135	136	137
Butter	102	98	130	149	129	129	143	135	134	134
Apples	106	113	115	123	126	134	141	142	129	145
Oranges	118	123	126	133	130	122	131	136	131	136
Apples	106	115	120	154	156	161	168	147	135	132
Potatoes	83	93	106	105	109	118	125	123	123	106
Onions	100	91	95	126	133	121	125	124	112	119
Charcoal	93	88	93	89	91	108	124	113	116	118

If we add to this list other goods, not dealt with here for want of space, such as calico, cotton goods etc., also of the highest importance for consumption and take the average for them also for the years after 1900, we get the following index numbers:

1902	99	1907	133
1903	109	1908	136
1904	119	1909	131
1905	131	1910	131
1906	129	1911	137

From which we may conclude that the cost of living in Japan is very appreciably increasing, and that it has increased by 38 % only ten years. It must of course be understood that our calculations are only be approximate, above all because we should at least have taken account, in the case of each article considered, of its relative importance and assigned to it a corresponding co-efficient, which would reflect the general average according to the importance of the commodity for Japanese consumption. But the calculation of a coefficient of this nature is too complicated and would require a number of data, some of which are altogether wanting, while others we possess in too incomplete form. We may, however, consider that the above index numbers give sufficiently approximate idea of the fluctuations in the cost of living in Japan.

§ 3. FLUCTUATIONS IN WAGES.

This is not the place to examine whether the fluctuations in wages were a consequence or a cause of the rise in prices or whether they have been partly cause and partly effect. We shall confine ourselves to an examination of these fluctuations and to considering the relation they bear to the fluctuations in price. In the following paragraphs we shall study a little more in detail the distribution of the wages of workmen's families, especially of agricultural labourers' families, and derive from them conclusions somewhat different from those that have hitherto been drawn from them as a rule.

Continuing the application of the method we have before made use of, we shall again take 100 as the index number for the average wages in 1900.

The total amount of these wages for the principal classes of labourers in 1900 was as follows:

(a) *Agricultural Labourers:*

Domestic Servants...	Men	yen	32,120	(yearly wages)
	Women	"	17,060	" "
Day Labourers.....	Men	"	0,295	(daily wages)
	Women	"	0,190	" "
Silkworm breeders....	Men	"	0,308	" "
	Women	"	0,193	" "
Silk Spinners.	"	"	0,200	" "
Gardeners	"	"	0,513	" "
Fishermen	"	"	0,389	" "

(b) *Various Factory Hands:*

Weavers.....	Men	yen	0,325	" "
	Women	"	1,195	" "
Joiners.	"	"	0,500	" "
Thatchers	"	"	0,585	" "
Manufacturers of Articles of				
Esparto	"	"	0,465	" "
Carpet Makers	"	"	0,495	" "
Locksmiths	"	"	0,475	" "
Pottery Makers.	"	"	0,383	" "
Paper Makers.	"	"	0,318	" "
Printers	"	"	0,340	" "
Compositors	"	"	0,353	" "

Let us now see what increase there was in these wages for the period 1902-11. We shall use the index numbers for the purpose.

Occupations	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911
(a) Agricultural Labourers:										
Domestic Servants:										
Men (Yearly Wages)	98.0	118.0	117.2	116.9	116.2	122.4	143.9	134.8	139.8	136.1
Women (")	93.7	118.0	120.2	118.0	109.4	121.4	150.9	128.5	152.2	175.5
Day Labourers:										
Men	106.7	103.3	110.0	106.7	113.3	120.0	130.0	126.7	130.0	140.0
Women	100.0	100.0	105.3	105.3	110.5	115.8	121.1	121.1	126.3	131.6
Silkworm Breeders:										
Men	103.2	103.2	96.8	93.5	109.6	135.5	135.5	138.7	138.7	145.2
Women	105.3	100.0	94.7	121.1	115.7	142.1	142.1	142.1	142.1	147.4
Silk Spinners	100.0	100.0	105.0	115.0	135.0	125.0	135.0	135.0	155.0	140.0
Gardeners	111.8	107.8	103.9	107.8	115.6	121.6	135.5	143.1	151.0	162.7
Fishermen	87.2	94.9	84.0	107.7	102.5	120.5	130.8	125.1	138.5	151.3
(b) Various Factory Hands:										
Weavers:										
Men	100.0	103.0	106.1	103.0	127.2	127.3	133.3	133.3	148.5	130.3
Women	100.0	95.0	85.0	90.0	105.0	120.0	120.0	130.0	145.0	125.0
Tanners	107.6	107.0	104.0	110.0	118.0	136.0	142.0	150.0	152.0	158.8
Thatchers	108.5	111.1	109.9	111.1	124.7	148.2	162.8	160.8	162.3	170.9
Manufacturers of Articles of Export:										
Carpetmakers	101.1	102.6	109.0	103.0	113.1	137.3	149.5	149.5	149.5	155.5
Carpenters	109.0	113.1	109.0	113.1	117.2	133.3	149.5	149.0	149.0	151.5
Locksmiths	108.4	110.1	115.8	115.8	120.0	130.8	143.1	141.0	145.3	147.4
Pottery Makers	118.3	108.3	117.3	143.0	143.0	145.6	148.2	167.1	161.9	161.5
Paper Makers	101.6	106.9	100.7	100.7	110.0	135.2	138.3	129.0	125.9	136.3
Printers	108.8	106.7	105.8	105.8	147.7	129.4	138.2	144.1	147.0	147.0
Compositors	118.4	114.7	116.1	116.1	124.6	138.8	144.4	144.4	144.4	152.2

An examination of this table clearly shows a considerable increase in wages since 1906, that is to say since the great economic crisis through which Japan passed and which was marked by labour agitation. Taking, as we did in the case of the prices, the average of the index numbers for each year, we obtain the following results :

	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911
Agricultural Labourers . . .	100.7	105.0	104.2	110.2	113.9	124.9	136.1	132.6	140.4	149.6
Various Factory Hands . . .	107.4	107.1	115.9	110.9	119.8	135.3	142.9	145.3	148.3	149.1
General Average	104.0	106.0	110.0	110.5	116.8	130.1	139.5	138.9	144.3	149.3

From these results, two other important facts may be learnt.

1st., that the increase in the case of the agricultural labourers which up to 1910, was inferior to the increase in that of the factory hands, now not only tends to equal but to exceed it.

2nd., *The fluctuations in wages have been all along considerably greater than those in prices.*

In respect to the above statement, we summarise the figures in the following table :

Years	Fluctuations			
	In Prices	In Wages		
		Agricultural	Manufacturing	Average
1902	99	100.7	107.4	104.0
1903	109	105.0	107.1	106.0
1904	119	104.2	115.9	110.0
1905	131	110.2	110.9	110.5
1906	129	113.9	119.8	116.8
1907	133	124.9	135.3	130.1
1908	136	136.1	142.9	139.5
1909	131	132.6	145.3	138.9
1910	131	140.4	148.3	144.3
1911	137	149.6	149.1	149.3

A careful examination of these figures permits of our drawing some other conclusions. First of all, that the economic crisis of 1907 marked a quiet

social point at which the increase in wages began to exceed that of prices. Whether from that date the economic and social situation of Japan has real-improved can certainly not be settled in a mere brief article like the present; what may be affirmed with certitude is that this event of capital importance coincided with the period of greatest agitation and economic crisis in agriculture and manufactures.

§ 4. IMPORTANCE OF THE FLUCTUATIONS IN PRICES AND WAGES FOR THE DOMESTIC ECONOMY OF WORKING MEN'S FAMILIES.

The study we have here made, based on the economic facts included in the official statistical tables, would be profitless, unless we endeavoured to take account, at least briefly, of the effect of the fluctuation in prices and wages upon the domestic economy of working men's families. If we had expressed an *a priori* opinion on the matter, the fact that the wages have increased somewhat faster than the prices would lead us to conclude that the present conditions of the Japanese labourers must be, if not excellent, at any rate very satisfactory. Does the reality correspond with this apparently logical forecast? That is just what we are going to investigate. First of all, we must show the immense difference that there is between the average wages in Europe and America and the average in Japan. According to statistics published by the Labour Office of the Tokio Society of Political and Social Science (*Shakwai seisakugaku komu kyoku*), the average earnings and expenditure per head for the town workmen of the various countries would be as follows (1)

	Earnings fr.	Expenditure fr.	Excess of Earnings	
			Total fr.	% of Earnings fr.
Great Britain .	2,804	2,162	642	23
United States .	3,524	2,675	849	24
Germany . . .	1,674	1,491	183	10.8
France . . .	2,333	1,715	618	26.5
Japan	630	610	20	3.2

We see from these figures, first of all, that the budget of a Japanese artisan's family is not even $\frac{1}{5}$ of that of an American artisan's, hardly $\frac{1}{4}$ of a French artisan's, $\frac{1}{3}$ of that of an artisan in Germany and a little more than $\frac{1}{5}$ of that of one in Great Britain.

(1) The figures for Great Britain, the United States, Germany and France are taken from the Annual Reports of the British Board of Trade.

But we must remember that the price of commodities in Japan from two to five times less than their ordinary price on the European and American markets. That would suffice, at least to some degree, make up for the small earnings of the artisans. There is, however, another point to be considered, that the excess of the earnings over the expenditure, which is highest in France (26.5 %), is only 3.6 % in Japan. And we must give attention to this point, since, if a margin of more than 20 % gives a possibility for saving, a surplus of 3 %, on the contrary, is equivalent to almost certain loss.

In order to establish a scientifically accurate comparison between the situation of the Japanese artisans and that of those of other countries, the only standard we can adopt is that provided by the excess of the receipts over the expenditure, for if we even desire to compare the prices of commodities in Japan and other countries, we must consider not only the absolute prices, but also the proportion of importance the commodities have for domestic economy, which differs substantially in Japan and in the Western countries. A study of such a character would evidently be too complex and exceed the limits of a simple article. In any case, what we can affirm is that the kind of life led by the Japanese artisan is undoubtedly inferior to that of the artisans of other countries.

The Tokio Department of Agriculture and Commerce has recently made a careful enquiry into the existing economic conditions of the Japanese artisans. We shall utilise the results of this enquiry to give our readers some information on the matter.

We summarise here the results of the enquiry in relation to the conditions of 1,627 artisans of the environs of Tokio. (The percentages are for the month of May, 1912).

Amount of Wages Yen	House Rent %	Food (Rice) %	General Expenditure %
13.900	15.7	45.6	28.7
20.057	18.1	38.9	43.6
21.591	20.5	37.6	41.5
24.161	18.8	39.5	41.7
24.461	18.6	35.3	46.1
26.730	19.4	33.1	47.5
29.469	19.4	34.1	45.5
34.657	17.1	28.5	54.4
38.771	20.6	28.2	51.2
41.308	18.0	33.1	48.9
46.500	25.2	27.3	47.5
50.000	20.4	20.4	59.2

From this it appears that in proportion as the wages increase house rent increases slightly and the cost of food considerably diminishes. The general expenditure tends to increase. We may conclude that, within certain limits, the system of alimentation does not vary, the increase in wages is almost entirely used for general expenditure. We must also observe that the expenditure on food in the above table is only for rice, and is consequently from 25 to 50 % of the total amount spent on food. Yet, independently of this, and taking account of all we have said in this article, we may reach the following important conclusion; though the increase in wages has been greater than the increase in prices, cannot therefore infer that the mode of life of the Japanese artisan has, consequently, improved in the same degree, for there is still in Japan an economic situation which keeps the artisan in a position of inferiority as compared with that his fellows in other countries have attained to. This is seen above to be true, when we examine the question from the point of view of improved food and lodging, and the possibility of making reasonable savings out of wages alone.

SERVIA.

SMALL RURAL INDUSTRIES IN SERVIA.

OFFICIAL SOURCES:

REPORTS presented to the Department of Agriculture on the Work Done to Favor a Progress of Agricultural Economy and the Measures to be Taken for the purpose Publication of the Agricultural Department. Belgrade, 1911. (In Servian).
SERVIA AT THE UNIVERSAL EXHIBITION OF 1911 AT TURIN. Published by the Department of Commerce, Belgrade, 1910. State Printing Office.

OTHER SOURCES:

DOMESTIC INDUSTRIES IN SERVIA. Article in the Review: "Tzarinski Glasnik" (*Custom Messenger*) 1910. (In Servian).
DOMESTIC MANUFACTURE OF PIROT TAPESTRY. Article in the Monthly Review: "Doba" (*Work*). January, 1911.

§ 1. INTRODUCTION.

The industries auxiliary to agriculture are specially important in a country like Servia. It is economically speaking a young country, in which manufactures have only just been started.

There are no large landed estates and direct sale is the general rule of 100 landowners,

54.65 %	possess less than	5	hectares.
27.55 %	"	between 5 and 10	hectares
13.87 %	"	10 "	20 "
2.60 %	"	20 "	30 "
1.33 %	"	more than	30 "

The prevalence of small holdings and rather extensive cultivation as the climatic conditions force the Servian peasants to undertake various industries auxiliary to agriculture. The produce of these industries is very considerable, forming one fourth of the total produce of the country, which shows how important they are for the national economy.

§ 2. GENERAL VIEW OF THE RURAL INDUSTRIES OF SERBIA.

The small rural industries of Serbia may be divided into two large classes: those the sole purpose of which is to supply the family engaged in them with the necessities of life, and those carried on for purposes of trade. The first class is disappearing, as improved means of communication are bringing more and more within the reach of the people the manufactured goods and agricultural produce of which they have need, and such industries are now almost confined to mountain districts and some isolated villages. On the contrary, the industries carried on with a view to selling the produce, are making progress every day, on account of the profits they give. Amongst those directly connected with agriculture, let us especially mention, orchard cultivation, sericulture, livestock improvement and tapestry making. We shall give some particulars in regard to each of these.

§ 3. ORCHARD CULTIVATION.

The cultivation of fruit trees generally is a very important source of the national wealth of Serbia. According to the estimates of the Department of Agriculture, the revenue derived from the export of the various produce of fruit trees in 1910 was 14,000,000 francs and the value of the total annual yield is about 30,000,000 frs.

The law of 1898, for the improvement of fruit tree cultivation, has largely contributed to the development of this industry. This law orders that each district must have a nursery garden for fruit trees of an area of at least 5 hectares. These nurseries must be organized and managed in accordance with the latest requirements of agricultural technique. Young trees as well as vines, must be sold at very low prices to the inhabitants of the district. Also every year practical courses of instruction must be given in fruit tree cultivation and basket making. Every commune must send at least two pupils to attend these courses, and maintain them at its cost, unless pupils present themselves who are willing to pay their own expenses. In addition, the superintendents of the nurseries must give practical lectures in the various parts of their district, in which they must above all deal with fruit cultivation.

The fruits most cultivated in Serbia are plums, apples, pears and walnuts. A larger area is covered by plum trees than by any other fruit tree. According to official statistics, the area planted with plum trees increased between 1900 and 1909 from 100,540 hectares to 141,180 hectares and yielded about 1,000,000 frs. a year.

Of the total crop of plums, a comparatively small amount is exported fresh to foreign markets, especially to Germany. These are the finest fruit, gathered by hand, before they are quite ripe. A second portion, the largest, is made into prunes or a sort of jam called *behmès*. Lastly,

a third portion, consisting of the worst kind of plums, is distilled to make brandy.

The industry of plum drying is very thriving, Servian plums having a good name abroad. To encourage it, the State provides improved stoves at half their real value and instructs agricultural engineers to teach the peasants how to work them. It also organizes special courses of instruction in plum drying, to qualify the peasants for making prunes which are sufficiently dry and will keep long.

With a view to preventing the sale of prunes, either damaged, not sufficiently dry or made from plums not sufficiently ripe, and of combating fraud, in the plum season the Government appoints a committee of three judges, who have generally been through the agricultural schools, to examine the prunes offered for sale and give certificates of good quality when deserved. The purchaser may demand the production of this certificate. If the prunes are found to be bad, if they have been made from plums not sufficiently ripe, or mixed with prunes of previous years, they are ordered to be confiscated officially. The prunes are immersed in water for 24 hours and returned to the owner, after payment of the cost of the operations. In case of fraud, the dealer is prosecuted. If the plums are found to be insufficiently dried, the owner must take them back to complete the drying process.

In case good prunes have been mixed with those of inferior quality the owner has to sort them on the spot. The insufficiently dried plums are sold by auction for the benefit of the town, after their transformation.

Servian prunes are principally exported to Austria, Germany, Belgium, Holland, Denmark, Great Britain, Switzerland and Russia. They are an important article of trade as the following table shows :

Year	Quintals Exported	Value in Francs
1900	271,546	8,001,482
1901	229,526	6,990,844
1902	354,615	8,951,294
1903	156,641	5,013,360
1904	405,023	6,274,544
1905	376,139	8,556,347
1906	482,701	12,067,520
1907	426,480	15,743,616
1908	490,417	10,350,721

Like the prunes, the plum jam is also subjected to the inspection of the committee. It is an important article of commerce, as the following figures show :

Year	Quintals Exported	Value in Francs
1900	86,160	2,716,491
1901	71,993	2,440,912
1902	145,079	3,626,454
1903	69,141	1,980,714
1904	151,802	3,070,078
1905	164,599	2,526,361
1906	124,391	3,175,087
1907	133,059	4,257,932
1908	148,983	3,251,093

The export of plum brandy, although less important, must, however, not be passed over in silence. In 1908 the value of the brandy exported was 95,763 frs.

The apple tree is grown in nearly the same regions as the plum tree. Apples are exported as fruit in large quantities, but the gathering and packing are not done in the best way, so the value of the fruit exported does not correspond with the weight. On the other hand, the industry of drying apples is beginning to make progress and the Government is making great efforts to extend the knowledge required for the drying of fruits, by means of practical lectures, so as to induce the fruit growers rather to dry their fruit than to sell it fresh at low prices or use it to feed their livestock.

§ 4. SERICICULTURE.

The climate of Serbia is very well adapted to sericiculture. In 1845, nursery gardens of mulberry trees were established at the prefects' offices and, two years later, the plants were freely distributed to the peasants. A sericulturists' society obtained a special concession and important privileges from the last Parliament (1909 and 1910). This Society dates from as far back as 1903 and, since its foundation, the number of families engaged in silkworm rearing has more than doubled, as may be seen from the following table.

In 1900	10,102	families
1901	12,650	"
1902	15,426	"
1903	14,482	"
1904	19,453	"
1905	25,720	"
1906	27,022	"
1907	27,711	"
1908	31,953	"
1909	34,150	"

Let us add that the silk is commonly used for household industries and producers often keep about 20 % of the cocoons to unwind and in the thread with cotton for articles of wear or ornament. Consequent hardly any of the families that have mulberry trees neglect anything order to rear a certain quantity of silkworms.

§ 5. LIVESTOCK IMPROVEMENT.

Serbia is a country of livestock improvement and this department of the national economy provides the principal occupation for the Serbian peasant. It may therefore surprise our readers that we speak of it in an article exclusively devoted to industries auxiliary to agriculture. But certain forms of livestock improvement have this character of auxiliaries the improvement namely of sheep and goats, which every Serbian peasant keeps on his farm, because their maintenance does not cost much and he makes use of their milk, meat, wool or hair, very necessary in the household manufacture of cloths and clothes etc. We may say as much with regard to poultry improvement; every farmer has space enough for this and sufficient quantity of grain screenings, and every peasant family has almost every kind of poultry. To encourage poultry improvement, the State has founded model poultry yards, where any one may learn the business and obtain poultry and eggs either for money, or in exchange for agricultural produce. On the other hand, in 1909, a co-operative society limited by shares was founded for the improvement of poultry. This society organizes the collective export of all its members' eggs and sees to it that they are all fresh and of excellent quality.

We give below figures for the exportation of poultry and eggs in 1894 to 1909:

Year	Live Poultry	Slaughtered Poultry	Eggs
	Head	Kg.	Kg.
1894	74,607	160,886	98,985
1895	166,591	367,951	18,596
1896	437,517	776,953	136,453
1897	412,995	388,891	156,897
1898	438,952	484,951	84,388
1899	690,798	658,530	275,883
1900	1,002,190	610,919	645,329
1901	1,423,407	956,013	1,030,040
1902	1,736,925	1,052,016	1,244,467
1903	1,882,438	1,884,885	853,524
1904	2,091,890	621,122	949,405
1905	1,804,809	206,955	437,869
1906	1,622,557	86,283	1,357,463
1907	166,700	79,200	2,274,791
1908	657,222	429,208	1,265,493
1909	436,235	90,700	1,188,368

§ 6. TAPESTRY MAKING.

Far more important is the manufacture of carpets, tapestry etc. These manufactures, in virtue of their quality and value for decorative purposes, becoming more and more widely known and sought after for carpets, tableers, coverlets, cushions, hangings, curtains, etc. The Mohammedans use them to decorate their mosques. On national or religious festivals, series of houses, triumphal arches and even carriages are hung with them. The principal centre of the manufacture is the very poor and very mountain-district of Pirot, a town in the South East of Servia, near the Bulgarian frontier. Since 1894, a commercial society has been buying the tapestry from the peasants' houses in the most remote villages, and arranging the sale abroad. Its business amounts altogether to about 100,000 francs. Eight years later, the *Pirot Tapestry Co-operative Society* was founded with the object of extending and regulating the production and improving the quality. This society is organized on the basis of collective production and profit sharing in proportion to production. Its share capital is 100,000 francs, but the State has granted it a loan of 50,000 frs., not to be repaid for ten years and to be repaid at the convenience of the society. The women who make the carpets become *members* by taking a 50 fr. share, which is liberated by means of instalments of 25 centimes a week. The share must be accepted by the managing committee. The amount of work each member has to furnish is not limited. The society, which has its own dyeworks, provides the wool and advances the women what they require for the purchase of the material for their work.

The Pirot Society only sells wholesale. On the other hand, the *Tapestry Workshop School*, founded in the same locality by the Belgrade Women's Association, accepts private orders, which it has executed by its pupils, of whom there are thirty in number. The two organizations mutually complete each other. Our readers will not fail to observe the profound resemblances between the attempt recently made in France by M. Maurice Fenaille (*Bulletin of Economic and Social Intelligence*, May, 1912, page 159), in an equally mountainous and poor region. In two countries, of very different conditions however, the same causes have produced the same effects.

